

27 September 2022

Ms Angel He  
Adviser, Listings Compliance (Sydney)  
Australian Securities Exchange

By Email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Ms. He,

**Range International Limited (“RAN” or “Company”): Half-Year Report (Reviewed Financial Report) and Full-Year Report (Audited Financial Report)**

The Company refers to your letter dated 20 September 2022 and respond to the questions as follows:

- 1. Is RAN able to confirm that in the Directors’ Opinion the Half-Year Report and Full-Year Report:**
  - (a) comply with the relevant Accounting Standards; and**
  - (b) give a true and fair view of RAN’s financial performance and position?**

Yes, RAN confirms that, in the Directors’ opinion, the Company’s reports for the half year to 30 June 2022 and for the full year to 31 December 2021 comply with the relevant accounting standards and give a true and fair view of RAN’s financial performance and position.

- 2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that the carrying value of property, plant and equipment at 30 June 2022 and 31 December 2021 is appropriate and adheres to the current Australian Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.**

The basis of the valuation of the Company’s property, plant and equipment is, in accordance with AASB 13 and AASB 116, the Cost Approach being actual cost including installation and all other costs associated with commissioning the assets, less the accumulated depreciation/amortisation and any impairment write downs of those assets. The depreciation method (straight line, diminishing value or units of production) is determined with reference to the type of asset, its expected use and value output – as is the determination of the useful life of the asset, and for some of the more significant assets on our asset register, was determined with input from the manufacturer. In accordance with AASB 136, the need for an additional impairment where necessary has been agreed with auditor input and with reference to the state of the asset and its level of utilisation.

- 3. What steps has RAN has taken since the release of the Half-Year Report and Full-Year Report to obtain an unmodified audit opinion with regards to its future financial statements? In answering this question, please indicate when the Directors intend to complete the independent valuation of property, plant and equipment, which enables Auditor to corroborate the methodology and key assumptions employed by management’s expert in valuing these assets.**

The valuation of the Company’s property, plant and equipment in Indonesia (as raised by the Company’s auditor) was obtained from an independent and appropriately licensed and credentialed firm of valuers in Indonesia in December 2021 (with addendum for a new piece of equipment provided

in February 2022) - 3 months before BDO Audit signed their audit report. The Half Year Review does not usually require a revaluation of assets unless there has been a material change. Our most recent PPE valuation was completed 6 months prior to the Half Year Review and it supported the carrying value of these assets in the Company's accounts. The Directors have committed to obtain another fair value valuation of property, plant and equipment for the audit of the full year ending 31 December 2022.

**4. What steps does RAN intend to take to obtain an unmodified audit opinion with regards to its future financial statements?**

RAN will continue to work with its auditor, LNP Audit and Assurance, to assist their understanding of the Company's business and its assets to obtain an unmodified audit opinion. As mentioned in the response to question 3 above, the Directors have committed to obtain another fair value valuation of property, plant and equipment for the audit of the full year ending 31 December 2022. We believe that the issue previously raised by the Company's auditor BDO (and referenced by LNP in their 2022 Half Year Review) of material uncertainty regarding RAN's going concern will be addressed by the following:

- Funding facilities have now been implemented for our large accounts receivables clients;
- COGS continue to fall, and the Indonesian business is currently operating on a cash flow positive basis;
- A continued focus on increasing sales. We are currently quoting on significant new business as well as recurring business; and
- Management is in discussions with investors about providing additional financing secured by smaller accounts receivable clients and our Indonesian property.

**5. Does RAN consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the RAN's current business activities.**

Yes, RAN considers the level of its operations sufficient to maintain ASX quotation of its securities as required under Listing Rule 12.1. Over the past 12 months, RAN's activities have expanded to include manufacturing of recycled plastic fencing and landscaping products in Australia and has also seen a continuation of recent sales revenue growth in Indonesia and an improvement in its financial performance.

**6. Does RAN consider that the financial condition of RAN is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion and give consideration to the below mentioned disclosure in Note 9 to the Half-Year Report:**

***“Management has not obtained another independent valuation report subsequently to support the carrying value of property, plant and equipment at 30 June 2022. Accordingly, any adjustments that may be necessary in respect of the Group's plant and equipment balance remains unknown till then.”***

Yes, RAN considers the level of its operations sufficient to maintain ASX quotation of its securities as required under Listing Rule 12.2. The Company's audited accounts show that the RAN's property plant and equipment values were US\$5,836,000 at June 2022. As stated above in response to question 2 and 3, the external independent valuation received about 6 months earlier supports the carry value

of the assets in the accounts at December 2021 and at June 2022. We will adjust asset values if required upon receiving a new valuation and as agreed with LNP last month we will be commissioning that valuation before the end of this calendar year.

- 7. If the answer to questions 6 is “No”, please explain what steps RAN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.2.**

Not applicable.

- 8. In relation to the Half-Year Report and Full-Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of RAN’s Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of RAN have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of RAN and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?**

Yes, the Board received the declarations from the CFO function and the Executive Chairman (as prescribed in the Company’s Corporate Governance Statement) for the full year audit to 31 December 2021 and the half year report to 30 June 2022 that confirm compliance and standard of the Company’s records relating to its financial position and performance.

- 9. If the answer to Question 8 is ‘no’, why did the Board not receive the CEO and CFO declaration as described in section 4.2 of RAN’s Corporate Governance Disclosure?**

Not applicable.

- 10. What enquiries did the Board make of management to satisfy itself that the financial records of RAN have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of RAN?**

At a group level, RAN outsources its finance function to the Automic Group (**Automic**). Automic are independent to Company management and charged with the preparation and maintenance of the Company’s financial records in Australia. Automic are accredited under ISO 9001 Quality Management. The Directors also take an active role in oversight of the finance functions of the Company’s international entities. The Board meets monthly and regularly reviews the Company’s financial records with management and with Automic. The Directors believe that the Company’s financial records comply with Australian accounting standards and give a true and fair view of the financial position and performance of RAN.

- 11. Commenting specifically on the qualified conclusion, does the board consider that RAN has a sound system of risk management and internal control that is operating effectively?**

The Directors pay close attention to and take comfort in the regular and thorough audits and reviews of RAN’s internal controls, finance department and risk management systems and consider that the Company’s risk management and internal control systems are sound and are operating effectively. As detailed in responses to questions 3 and 6 above, the Board sought a valuation of its plant and equipment immediately prior to the end of the last financial year and immediately provided that report to its auditors, BDO. The valuation corroborated the (approximately) 10% lower carrying value (cost less accumulated depreciation and impairments) of the assets. The Auditor’s comments do not reflect a different opinion to that of the valuers – the audit report states that they did not manage to

communicate with the valuers and did not seek any alternative means to value the assets. This audit comment does not raise any questions of the Company's risk management and internal control systems.

**12. Given the Auditors in the Half-Year Report and Full-Year Report have disclosed a material uncertainty in relation to going concern, and RAN has:**

**12.1 Cash and cash equivalents of US\$509,000 as of 30 June 2022 (US\$ 1,245,000 as of 31 December 2021);**

The Company has successfully demonstrated its ability to raise funds as required from the market and or its shareholders - most recently in May 2021. The Directors are cognisant of the cash flow pressures that stem from increasing sales where the payment terms are longer than 30 days and has, for the first time, approved entering into financing the accounts receivables of selected large multinational customers who are demanding up to 60 and 75 day payment terms.

**12.2 Total current liabilities of US\$2,640,000 as of 30 June 2022 (US\$ 2,976,000 as of 31 December 2021); and**

The Company's total current liabilities (US\$2,640,000) as stated at 30 June 2022, includes provisions (US\$2,266,000) related to potential withholding tax dating to the early years of the Company. We are currently being audited by the tax office of Indonesia relating to 2018 and will adjust the provisions as appropriate and if required once this audit is complete. Other current liabilities of the Company (US\$374,000) are less than half of the Company's current assets.

**12.3 Negative cash flows from operations amounting to US\$ 542,000 as of 30 June 2022 (US\$ 988,000 as of 31 December 2021)**

The Company's performance is currently tracking in line with its H2 2022 cash flow projections. The cash-burn from operations is significantly reduced from this time last year and also significantly below the cash burn of the first half year of 2022.

**On what basis do the directors consider that RAN is a going concern?**

At June 2022, and currently, the Directors are of the opinion that the Company's manufacturing activities are in a better position than 12 months earlier. The Company's property, plant and equipment assets are unencumbered and are valued at more than twice the value of the Company's current liabilities.

The Company has a proven track record of raising funds to meet the requirements of its strategic business activities. The Director's believe that the Company has now significantly addressed the Company's operational inefficiencies and issues that have handicapped the Company since inception and with the prospect of continued sales performance, the Board expects to achieve positive earnings from its Indonesian business activities and be in position to further advance its strategic business plan. Also, please refer to the response to question 4, where we outline the steps that the Company is currently taking to improve its cash position and financial performance.

**13. Please confirm that RAN is complying with the Listing Rules and, in particular, Listing Rule 3**

RAN has and is complying with ASX's Listing Rules and, in particular with the ASX's continuous disclosure requirements (Listing Rule 3.1).

**14. Please confirm that RAN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of RAN with delegated authority from the board to respond to ASX on disclosure matters.**

RAN confirms that the responses to the questions above have been authorised and approved under its published Continuous Disclosure Policy and by its Board of Directors.

Yours sincerely

**Mr Richard Jenkins**

Executive Chairman  
Range International Limited  
+61 417 242 946

**Ms Robyn Slaughter**

Joint Company Secretary  
+61 2 8072 1400

**Ms Maggie Niewidok**

Joint Company Secretary  
+61 2 8072 1400



20 September 2022

Reference: 59069

Ms Robyn Slaughter  
Company Secretary  
Range International Limited  
Level 5  
126 Phillip Street  
Sydney NSW 2000

By email only.

Dear Ms Slaughter

**Range International Limited ('RAN'): Half-Year Report (Reviewed Financial Report) and Full- Year Report (Audited Financial Report) - Query**

ASX refers to the following:

- A. RAN's half-year report for the half-year ended 30 June 2022 lodged with ASX Market Announcements Platform and released on 7 September 2022 ('Half-Year Report') and full year report for the year ended 31 December 2021 lodged with ASX Market Announcements Platform and released on 31 March 2022 ('Full-Year Report')
- B. ASX notes that the Independent Auditor's Report to the Half-Year Report ('Half-Year Auditor's Report') contains a qualified conclusion:

*"Basis for Qualified Conclusion*

*Property, plant and equipment are carried at \$5,836,000 (31 December 2021: \$6,742,000) on the consolidated statement of financial position as at 30 June 2022. This balance includes an amount of \$2,935,000 and \$682,000 relating to plant and equipment and capital work in progress respectively located in Indonesia. The independent valuation performed in February 2022 did not provide sufficient appropriate evidence about this amount as we were unable to corroborate the methodology and key assumptions employed by Management's expert in valuing these assets. Management has not obtained another independent valuation report subsequently to support the carrying value of property, plant and equipment at 30 June 2022. As a result, we were unable to determine whether the balance of plant and equipment was fairly stated and consequently, whether any impairment charges were necessary."*

- C. ASX notes that the Independent Auditor's Report to the full-Year Report ('Full-Year Auditor's Report') contains a qualified opinion:

*"Basis for Qualified Opinion*

*Property, plant and equipment are carried at \$6,742,000 on the consolidated statement of financial position as at 31 December 2021. This balance includes an amount of \$3,580,977 and \$757,838 relating to plant and equipment and capital work in progress located in Indonesia, respectively. We were unable to obtain sufficient appropriate audit evidence about this amount as we were unable to corroborate the methodology and key assumptions employed by management's expert in valuing these assets. As at the date of this audit report, we have been unable to communicate with management's expert and have been unable to substantiate the*

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*value of these assets by alternative means. As a result, we were unable to determine whether any adjustments were necessary in respect of the Group's plant and equipment balance and consequently, whether any impairment charges were necessary.*

- D. RAN's Corporate Governance Statement for FY2021 lodged on the ASX Market Announcements Platform on 31 March 2022 which provides confirmation that RAN complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

*"The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively."*

- E. Listing Rule 12.1 which states:

*12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.*

- F. Listing Rule 12.2 which states:

*12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*

- G. Listing Rule 19.11A which states:

*19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.*

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the accounts must be consolidated accounts.*
- (b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) If the listing rule requires accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a foreign entity, an overseas equivalent of a registered company auditor).*
- (e) If there is a directors' declaration that relates to the accounts, the directors' declaration must be given to ASX with the accounts.*
- (f) If there is a directors' report that relates to the period covered by the accounts, the directors' report must be given to ASX with the accounts.*

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## Request for information

In light of the information contained in the Half-Year Report and the Full-Year Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is RAN able to confirm that in the Directors' Opinion the Half-Year Report and Full-Year Report:
  - (a) comply with the relevant Accounting Standards; and
  - (b) give a true and fair view of RAN's financial performance and position?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that the carrying value of property, plant and equipment at 30 June 2022 and 31 December 2021 is appropriate and adheres to the current Australian Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.
3. What steps has RAN has taken since the release of the Half-Year Report and Full-Year Report to obtain an unmodified audit opinion with regards to its future financial statements? In answering this question, please indicate when the Directors intend to complete the independent valuation of property, plant and equipment, which enables Auditor to corroborate the methodology and key assumptions employed by management's expert in valuing these assets.
4. What steps does RAN intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
5. Does RAN consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the RAN's current business activities.
6. Does RAN consider that the financial condition of RAN is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion and give consideration to the below mentioned disclosure in Note 9 to the Half-Year Report:

*"Management has not obtained another independent valuation report subsequently to support the carrying value of property, plant and equipment at 30 June 2022. Accordingly, any adjustments that may be necessary in respect of the Group's plant and equipment balance remains unknown till then."*
7. If the answer to questions 6 is "No", please explain what steps RAN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.2.
8. In relation to the Half-Year Report and Full-Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of RAN's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of RAN have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of RAN and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
9. If the answer to Question 8 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of RAN's Corporate Governance Disclosure?
10. What enquiries did the Board make of management to satisfy itself that the financial records of RAN have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of RAN?
11. Commenting specifically on the qualified conclusion, does the board consider that RAN has a sound system of risk management and internal control that is operating effectively?



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12. Given the Auditors in the Half-Year Report and Full-Year Report have disclosed a material uncertainty in relation to going concern, and RAN has:

12.1 cash and cash equivalents of US\$509,000 as of 30 June 2022 (US\$ 1,245,000 as of 31 December 2021);

12.2 total current liabilities of US\$2,640,000 as of 30 June 2022 (US\$ 2,976,000 as of 31 December 2021); and

12.3 negative cash flows from operations amounting to US\$ 542,000 as of 30 June 2022 (US\$ 988,000 as of 31 December 2021)

On what basis do the directors consider that RAN is a going concern?

13. Please confirm that RAN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

18. Please confirm that RAN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of RAN with delegated authority from the board to respond to ASX on disclosure matters.

### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12 PM AEST Tuesday, 27 September 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RAN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require RAN to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RAN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in RAN's securities under Listing Rule 17.3.

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### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to RAN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that RAN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Angel He**  
Adviser, Listings Compliance (Sydney)