



Raya Group Ltd

ABN 89 122 203 196

Interim Financial Report for the half-year ended 31 December 2014

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Interim Financial Report – Half-Year Ended 31 December 2014

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This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 30 June 2014 and any public announcements made by Raya Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The directors present their report on the consolidated entity consisting of Raya Group Ltd (the "company" or "Raya") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Raya Group Ltd during the half-year under review and up to the date of this report, unless otherwise stated:

Mr Athan Lekkas	Chairman – Non-Executive
Mr Daniel Lansky	Managing Director (appointed 14 January 2015)
Mr Geoff Barnes	Non-Executive Director (resigned 2 March 2015)
Mr Michael Clarke	Non-Executive Director
Mr Russell Langusch	Non-Executive Director (resigned 1 December 2014)

Company Secretary

Mrs Julie Edwards

Dividends

The directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the half-year period under review.

Review and Results of Operations

The following provides a summary of Raya's activities and achievements during the course of the half year:

Raya is an Australian-based exploration and development company that is focussed on its portfolio of advanced geothermal development opportunities in Indonesia.

As noted in recent ASX announcements, Raya has acquired acreage with near term revenue possibilities and plans to undertake a low cost vertical well development program.

HIGHLIGHTS OF THE HALF YEAR

Board Restructure / Funding / Corporate

- On 23 July 2014 the Company announced it had secured the services of ASC Resources Pty Ltd ("ASC") to assist in acquiring onshore oil and gas development projects in the USA. As part of this agreement, ASC's remuneration was by way of monthly fees and issued shares (10,000,000 shares) of RYG. Additionally, if certain milestones are met over the engagement period, ASC will receive further parcels of shares in RYG. The management team at ASC Resources includes Dr Peter Power, Dr Victor Wan and Mr Daniel Lanskey. Dr Power and Mr Lanskey were previously founding Directors of Austex Oil Limited (ASX: AOK).
- On 30 July 2014, Tranche 1 of the Capital Raising for \$250,000 was completed via a placement to sophisticated investors. The placement consisted of 16,666,667 fully paid ordinary shares at an issue price of \$0.015 per share along with a free attaching option exercisable on the same terms as the existing option series at 1.5 cents on or before the 21st of July 2016.
- On 18 August 2014, Raya announced that 2,500,000 shares were issued to Peloton Capital Pty Ltd ("Peloton") as part of the capital raising and corporate advisory services agreement entered into in May 2014. As part of this agreement, Peloton's remuneration was by way of monthly fees and aforementioned issued shares of RYG. Additionally, if certain milestones are met over the engagement period, Peloton will receive further parcels of shares in RYG. The management team at Peloton includes Mr Shane Hartwig, Mr Emmanuel Correia and Mr Geoff Barnes.

Directors' Report (continued)

- On 8 October 2014, Raya held its Extraordinary General Meeting (EGM) with all 14 resolutions passed in favour. The EGM allowed the Company approval to complete its issue of Shares under the previously announced Capital Raising and approval of future milestone targets.
- On 22 October 2014, Tranche 2 of the Capital Raising for \$500,000 was completed following approval of Resolution 3 at the recent EGM. ASC Resources subscribed for a further 33,333,333 fully paid ordinary shares at \$0.015 per share with free attaching option.
- Raya lodged and received its claim for the R and D Tax Rebate of \$196,000 in the December quarter.
- On 19 November 2014, the Company announced that acquisition of oil and gas leases within an identified Area of Interest (AOI), in Oklahoma, USA, was underway. The new leases are being acquired with a 100% Working Interest and an 81.25% Net Revenue Interest with a 3 year primary term and a 2 year bonus term. Raya is focused on acquiring acreage with near term revenue possibilities and plans to undertake a low cost vertical well development program in the future.
- As per announcement on 23 December 2014, the Company had completed a placement of \$200,000 to sophisticated investors under Section 708A. ASC Resources as a significant shareholder in Raya continued its support by further subscribing for some of the shares. This has been accounted for as unissued share capital in the financial statements.

The consolidated entity realised a loss after tax for the half-year of \$685,986 (half year ended 31 December 2013: loss of \$411,492).

Indonesian Projects :

- Progressing our interests in three geothermal projects in Indonesia – comprising :
 - Sokoria Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Raya holding a 45% interest in the project. The project has agreed PPA (Power Purchase Agreement) terms for 30 MW of power at an agreed offtake price of approximately \$US 140/MWh;
 - Ngebel Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Raya earning into a 35% interest in the project. The project has agreed power offtake arrangements for 165 MW of power at an agreed offtake price of approximately \$US 120/MWh; and
 - Dairi Prima Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 25 MW geothermal development in Northern Sumatra, Indonesia, with Raya holding a 51% interest in the project. The project has agreed PPA (Power Purchase Agreement) terms for 25 MW of power at an agreed offtake price of approximately \$US 170/MWh.
- On 2 October 2014, Raya announced that together with its Joint Venture Partner "PT Bakrie Power", a final "Power Purchase Agreement" ("PPA") has been agreed between PT PLN (Persero) and PT Sokoria Geothermal Indonesia ("SGI"). SGI also obtained a "Temporary Electricity Business License" (IUPTLS) from the Indonesian Directorate General of Electricity.
- On 8 October 2014, Raya announced the "Power Purchase Agreement" ("PPA") for Sokoria had been executed between PT PLN (Persero) and PT Sokoria Geothermal Indonesia ("SGI").

Directors' Report (continued)

Other Projects – Australia and USA

- A new work program was submitted to Department of State Development (DSD) and subsequently approved, outlining future spending and also the removal of an \$8m future well expenditure.
- Little time or cash was expended on Australian projects during the year other than required care and maintenance.
- Acquisition of Oil and Gas Leases began in Northern Oklahoma, USA with intent on near term revenue possibilities and plans to undertake a low cost vertical well development program.

Health, Safety, Environment and Community

- During the half year under review, and since the end of the financial year, there were no reportable incidents relating to health, safety, or community related matters.
- No business objective will take priority over the Occupational Health and Safety Policy and the Company's record of achievement in this important area of its activities will form an essential part of the measure of its overall success.

Significant changes in the nature of activities

Other than as disclosed in this report, there were no other changes in the nature of activities that occurred during the course of the financial year.

Events Occurring After Balance Sheet Date

- As initially announced on 23 January 2015, Raya and Bakrie Power have entered into a Heads of Agreement ("HoA") with Space Con Pty Ltd ("SpaceCon") for the sale and purchase of the Sokoria Geothermal Project.
On 3 March 2015, it was announced that SpaceCon has finalised their due diligence and will proceed with the Sale and Purchase Agreement ("SPA") for the Sokoria Geothermal Project whereby SpaceCon agrees to purchase 85% equity in PT Sokoria Geothermal Indonesia ("SGI"). SpaceCon has until 11 March 2015 to pay a deposit of \$250,000 USD, if this deadline is not met the current agreement will have lapsed and the acquisition will not progress.
- Mr Daniel Lanskey was appointed to the Raya Board as Managing Director on 14 January 2015. He has over 10 years' experience in the energy industry and from 2006 until January 2014 was a Founder and Managing Director of Austex Oil Limited (AOK:ASX - OTCQX:ATXDY), which is now a successful US operating oil and gas production company
- On 2 February 2015, Raya announced the execution of the JV Agreement with Empire Energy Group Limited to allow the parties to jointly identify, acquire and develop oil and gas leases in an exclusive Area of Mutual Interest (AMI) in Northern Oklahoma. Both Companies are to contribute oil and gas leases within the AMI on a 50/50 basis with +7,000 mainly contiguous net acres leased at present. Leases have been acquired with a 3 year primary term and 2 year bonus term with 100% Working Interest and ~81.25% Net Revenue Interest under competitive commercial terms. The JV gives the Company the ability to consolidate a larger contiguous acreage position allowing for more efficient development through economies of scale and cost sharing.
- Raya released an Investor Presentation on 10th February which highlighted the current projects the Company is undertaking and the necessary funding commitments of each. The Sokoria Project requires an overall funding of USD \$160m+ to complete the 30MW project and awaits a commitment from financiers currently reviewing the proposal. The final project in the presentation is the recent Oil and Gas project in Northern Oklahoma whereby Raya has entered into a JV with Empire Energy for 50/50 stake and proposed spending for 2015 are estimated at USD \$1.2m per party.
- On 26 February 2015, Raya completed a private placement to sophisticated investors raising \$402,000 at a price of 0.006c per ordinary share, with attaching option with an exercise price of 1.5c, expiring in July 2016.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of directors.



Mr Athan Lekkas
Director

Melbourne, Victoria
13 March 2015



PITCHER PARTNERS

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The Directors
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412 Collins Street
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Dear Sirs

Auditor's Independence Declaration

As lead engagement partner for the review of the interim financial report of Raya Group Ltd for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

PITCHER PARTNERS

NIGEL BATTERS
Partner

13 March 2015
Brisbane

Consolidated Statement of Comprehensive Income

		Half-Year	
	Notes	2014 \$	2013 \$
Revenue and other income from continuing operations	4	199,931	291,877
Employee benefits expense		(233,409)	(212,357)
Consulting and advisory fees		(278,249)	(243,152)
Travel and entertainment		(45,322)	(42,708)
Reporting expenses		(59,560)	(54,932)
Office rental		(5,289)	-
Office running costs		(29,112)	(92,243)
Accounting and audit fees		(56,000)	(14,000)
Legal fees		(23,176)	(15,147)
Impaired exploration expenditure		(29,437)	(25,860)
Fair value loss on investments		(125,583)	-
Finance costs		(780)	(2,970)
Loss before income tax		(685,986)	(411,492)
Income tax expense		-	-
Loss for the half-year		(685,986)	(411,492)
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(685,986)	(411,492)
Loss attributable to:			
Owners of the parent		(685,986)	(411,492)
Non-controlling interests		-	-
		(685,986)	(411,492)
Total comprehensive income attributable to:			
Owners of the parent		(685,986)	(411,492)
Non-controlling interests		-	-
		(685,986)	(411,492)
Earnings per share for loss attributable to the shareholders of the company		Cents	Cents
Basic and diluted (loss) per share		(0.18)	(0.13)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	31 December 2014	30 June 2014
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	251,171	528,062
Trade and other receivables	11,236	13,562
Other financial assets	111,083	191,667
Total current assets	<u>373,490</u>	<u>733,291</u>
Non-current assets		
Exploration and evaluation expenditure	5 2,643,714	1,953,997
Investments accounted for using the equity method	6 1,868,211	1,828,704
Total non-current assets	<u>4,511,925</u>	<u>3,782,701</u>
TOTAL ASSETS	<u>4,885,415</u>	<u>4,515,992</u>
LIABILITIES		
Current liabilities		
Trade and other payables	96,112	126,628
Borrowings	9,530	13,227
Provisions	-	81,332
Total current liabilities	<u>105,642</u>	<u>221,187</u>
Non-current liabilities		
Provisions	271,106	189,774
Total non-current liabilities	<u>271,106</u>	<u>189,774</u>
TOTAL LIABILITIES	<u>376,748</u>	<u>410,961</u>
NET ASSETS	<u>4,508,667</u>	<u>4,105,031</u>
EQUITY		
Contributed equity	7 45,752,546	44,662,923
Reserves	2,416,204	2,416,204
Accumulated losses	(43,660,083)	(42,974,097)
TOTAL EQUITY	<u>4,508,667</u>	<u>4,105,031</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

	Contributed Equity	Share-Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
2014				
Balance at 30 June 2014	44,662,924	2,416,204	(42,974,097)	4,105,030
Loss for the half-year	-	-	(685,986)	(685,986)
Total comprehensive income for the half-year	-	-	(685,986)	(685,986)
Transactions with equity holders in their capacity as equity holders				
Shares issued during the half-year	937,500	-	-	937,500
Unissued shares at end of the half year	200,000	-	-	200,000
Cost of share issue	(47,877)	-	-	(47,877)
Share-based payments	-	-	-	-
Balance at 31 December 2014	45,752,546	2,416,204	(43,660,083)	4,508,667
2013				
Balance at 30 June 2013	43,288,755	2,330,204	(42,092,696)	3,526,263
Loss for the half-year	-	-	(411,492)	(411,492)
Total comprehensive income for the half-year	-	-	(411,492)	(411,492)
Transactions with equity holders in their capacity as equity holders				
Shares issued during the half year	1,760,000	-	-	1,760,000
Cost of share issue	(385,832)	-	-	(385,832)
Share-based payments	-	86,000	-	86,000
Balance at 31 December 2013	44,662,923	2,416,204	(42,504,188)	4,574,939

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Half-year 2014 \$	2013 \$
Cash flows from operating activities		
Interest received	3,273	7,065
R & D tax concession received	196,658	284,812
Payments to suppliers and employees	(589,316)	(718,762)
Net cash (outflows) from operating activities	(389,385)	(426,885)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(729,224)	(71,754)
Payments for other financial assets	(45,000)	-
Net cash (outflows) from investing activities	(774,224)	(114,852)
Cash flows from financing activities		
Repayment of borrowings	(15,406)	(43,098)
Issue of shares	950,000	1,560,000
Share issue costs	(47,876)	(98,330)
Net cash inflows from financing activities	886,718	1,461,670
Net increase (decrease) in cash and cash equivalents	(276,891)	919,933
Cash and cash equivalents at the beginning of the half-year	528,062	187,672
Cash and cash equivalents at the end of the half-year (i)	251,171	1,107,605

- (i) The consolidated entity classifies term deposits with maturity dates greater than 3 months as Other Financial Assets. As at 31 December 2014, the consolidated entity held, in addition to the cash and cash equivalents above, \$100,000 (June 2014:\$100,000) in term deposits.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing the financial statements.

This interim financial report is intended to provide users with an update of the latest annual financial statements of Raya Group Ltd and its controlled entities (the Group). As such, it does not contain all notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2014, together with any public announcements made during the half-year.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

Ongoing Operations

The consolidated financial statements have been prepared on a going concern basis which contemplates that the group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Because of the nature of their operations, exploration companies, such as Raya Group Ltd, find it necessary on a regular basis to raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. At the date of this financial report, the ability of the group to execute its currently planned exploration and evaluation activities requires the group to raise additional capital within the next 12 months. Accordingly, the group is in the process of investigating various options for the raising of additional funds which may include but is not limited to an issue of shares, a farm-out of an interest in one or more exploration tenements or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, none of the above fund-raising options have been concluded and no guarantee can be given that a successful outcome will eventuate. As a result, the directors have concluded that the current circumstances may cast significant doubt regarding the group's and the company's ability to continue as a going concern and therefore the group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current status of the various funding options currently being investigated and making other enquiries regarding other sources of funding, the directors have a reasonable expectation that the group and the company will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

The financial report does not include adjustments relating to the recoverability or classification of recorded assets amounts or to the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

2 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements). Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Penola Trough

The activities in this area focus on the company's activities in the GEL 223 area in the south-east of South Australia.

These tenements are all 100% owned by the Raya Group.

Limestone Coast

The activities in this area focus on the company's activities in the GEL 611 area in the south-east of South Australia.

These tenements are all 100% owned by the Raya Group

Indonesia

Raya has executed an Alliance Agreement with PT Bakrie Power (part of the listed PT Bakrie and Brothers Group) to work co-operatively on geothermal development opportunities in Indonesia; securing interests in three geothermal projects in Indonesia – comprising:

- Sokoria Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Raya holding a 45% interest in the project. Raya and Bakrie Power have entered into a Heads of Agreement ("HoA") with Space Con Pty Ltd ("SpaceCon") for the sale and purchase of the Sokoria Geothermal Project.
- Ngebel Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Raya earning into a 35% interest in the project.
- Dairi Prima Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 25 MW geothermal development in Northern Sumatra, Indonesia, with Raya holding a 51% interest in the project.

United States of America

Newkirk Project: A Joint Venture agreement with Empire Energy Group for the acquisition and development of acreage in Northern Oklahoma. Raya group hold a 100% working interest and 81.15% net revenue interest.

Other International

The activities in this area focus on the Group's activities in:

India

Puga Geothermal Project in the Himalayan Geothermal Province of Northern India, in a joint venture between Raya and Geosyndicate Power Private, under which Raya is earning in to a 49% interest. Raya is the Operator of this Project. An impairment charge has been recorded against the full carrying value of the asset, however the Company remains committed to the development of the project and its involvement in the project.

2 Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

As at 31 December 2014 all operating activities of the Group relate to the exploration and evaluation of its geothermal exploration tenements, including investments in joint ventures. Except for impairment losses in relation to exploration and evaluation expenditure, income and expenditure as per the statement of comprehensive income consist of incidental revenue including interest and corporate overhead expenditure which are not allocated to the Group's operating segments.

Accordingly only exploration and evaluation expenditure assets and investments in joint ventures are allocated to the Group's operating segments. All other assets and liabilities relate to corporate activities and are not allocated to operating segments.

3 Operating Segments (continued)

(i) Segment performance

	Penola Trough \$	Other Limestone Coast \$	Cooper Basin \$	Indonesia \$	USA \$	Other International \$	Total \$
Half-year 31 December 2014							
Total segment revenue	-	-	-	-	-	-	-
Segment result	-	-	-	(35,917)	(5,794)	-	(41,711)
<i>Reconciliation of segment result to Group loss before tax</i>							
• Interest and other income							199,931
• Other expenses							844,206
Group loss before tax							<u>(685,986)</u>
Half-year 31 December 2013							
Total segment revenue	-	-	-	-	-	-	-
Segment result	-	-	-	(25,860)	-	-	(25,860)
<i>Reconciliation of segment result to Group loss before tax</i>							
• Interest and other income							291,877
• Depreciation and amortisation							-
• Other expenses							(677,509)
Group loss before tax							<u>(411,492)</u>

3 Operating Segments (continued)

(ii) Segment assets

	Penola Trough \$	Other Limestone Coast \$	Cooper Basin \$	Indonesia \$	USA \$	Other International \$	Total \$
31 December 2014							
Segment assets	-	-	-	3,822,207	689,718	-	4,511,925
Segment asset changes for the period:							
- capital expenditure	-	-	-	39,506	689,718	-	729,224
	-	-	-	39,506	689,718	-	729,224
30 June 2014							
Segment assets	-	-	-	3,782,701	-	-	3,782,701
Segment asset changes for the period ended 31 December 2013:							
- Capital expenditure	-	-	-	56,939	-	-	56,939
	-	-	-	56,939	-	-	56,939

4 Revenue and Other Income

Interest
R & D tax concession

Half-year	
2014	2013
\$	\$
3,273	7,065
196,658	284,812
199,931	291,877

5 Non-current Assets – Exploration and Evaluation Expenditure

(a) Tenements and information - geothermal energy

At cost
Less: provision for impairment

31 December 2014	30 June 2014
\$	\$
30,650,754	30,649,836
(28,696,758)	(28,696,758)
1,953,996	1,953,078

Movements

Carrying amount at beginning of period
Additions (refunds)
Carrying amount at end of period

Half-year	
2014	2013
\$	\$
1,953,078	1,955,560
918	(2,482)
1,953,996	1,953,078

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

(b) Tenements and information – oil and gas

At cost
Less: provision for impairment

689,718	-
-	-
689,718	-

Movements

Carrying amount at beginning of period
Additions (refunds)
Carrying amount at end of period

Half-year	
2014	2013
\$	\$
-	-
689,718	-
689,718	-

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

Reconciliation

Geothermal energy tenements
Oil and gas tenements
Total Exploration and evaluation expenditure

31 December 2014	30 June 2013
\$	\$
1,953,996	1,953,078
689,718	-
2,643,714	1,953,078

6 Non-current Assets - Interests in Joint Arrangements

The Group has the following significant interests in joint arrangements.

(a) Joint venture

The Group has a 45 per cent equity shareholding in P.T. Sokoria Geothermal Indonesia with 50% voting power, a joint venture established in Indonesia with P.T. Bakrie Power, the Group's joint venture partner, to pursue the development of the Sokoria geothermal Project on the island of Flores in Indonesia.

Share of joint venture entity's assets and liabilities

	31 December 2014 \$	30 June 2014 \$
Non-current assets		
Exploration and evaluation expenditure	1,868,211	1,828,704
Net assets	1,868,211	1,828,704
Share of joint venture entity's revenue, expenses and results		
Revenue	-	-
Expenses	-	-
Profit/(loss) before tax	-	-
Share of exploration expenditure commitments	-	-

(b) Joint operation

The Group has a 51 per cent interest in the Dairi prima Geothermal Project, a joint operation with P.T. Bakrie power to jointly develop spare capacity of the Sibayak geothermal reserves in Northern Sumatra, Indonesia, to be supplied to the Dairi Prima mine. The Group controls \$634,798 (June 2013: \$634,798) of assets which have been included in exploration and evaluation expenditure (refer note 5). There are no further amounts recognised by the Group in respect of this joint venture operation.

7 Contributed Equity

(a) Issued Capital

	31 December 2014 \$	30 June 2014 \$
Ordinary shares – fully paid	45,552,546	44,662,923
Unissued Shares ⁽ⁱ⁾	200,000	-
	45,752,546	44,662,923

- (i) Raya completed a private placement to sophisticated investors raising \$200,000, although these shares were not issued to shareholders until after 31 December 2014.

7 Contributed Equity (continued)

Movements

	Half-year 2014		Half-year 2013	
	No. of Shares*	\$	No. of Shares	\$
Balance at the start of the half-year	342,483,029	\$44,662,923	166,983,029	43,288,755
Issue of shares – Placement (a)	16,666,667	250,000	-	-
Issue of shares – ASC Resources (b)	33,333,333	500,000	-	-
Issues of shares - ASC Resources (c)	10,000,000	150,000	-	-
Issues of shares - Peloton Capital (d)	2,500,000	37,500	-	-
Issue of shares – Melbourne Capital	-	-	20,000,000	200,000
Issue of shares – Placement	-	-	155,500,000	1,560,000
Issue costs	-	(47,877)	-	(385,832)
Balance at the end of the half-year	404,983,029	45,552,546	342,483,029	44,662,923

- (a) Private placement to sophisticated investors on 30 July 2014 at an issue price of \$0.015 per share along with a free attaching option (refer below).
- (b) Issued to ASC Resources on 21 October 2014 for development and working capital as approved by shareholders at the Extraordinary General Meeting held on 7 October 2014 at an issue price of \$0.015 per share along with a free attaching option (refer below).
- (c) Issued to ASC Resources on 18 August 2014 and 21 August 2014 as consideration for strategy advisory services, approved by shareholders at the Extraordinary General Meeting held on 7 October 2014.
- (d) Issued to Peloton Capital on 18 August 2014 as consideration for consulting services, approved by the shareholders at the Extraordinary General Meeting held on 7 October 2014.

	31 December 2014 Number	30 June 2014 Number
(b) Share options		
Employee options	1,100,000	1,455,000
Other Unlisted Options	15,000,000	15,000,000
		15,755,160
Listed options (ASX: RYGO)	-	0
Listed options (ASX: RYGOA)	-	7,223,617
Listed options (ASX: RYGOB)	307,800,000	257,800,000
Balance at the end of the half-year	323,900,000	297,233,777

On 8 July 2014, 7,223,617 listed options expired.

On 28 July 2014, 355,000 unlisted options issued to employees expired.

On 31 December 2014, 15,755,160 listed options expired.

On 5 August 2014, a total of 16,666,667 listed options over ordinary shares (ASX: RYGOB) were issued, with a strike price of \$0.015 and an expiry date of 21 July 2016. These options were issued on a one-for-one basis attached to shares issued to sophisticated investors who participated in the placement of ordinary shares on 30 July 2014 for development and working capital.

On 21 October 2014, a total of 33,333,333 listed options over ordinary shares (ASX: RYGOB) were issued, with a strike price of \$0.015 and an expiry date of 21 July 2016. These options were issued on a one-for-one basis attached to shares issued as to ASC Resources as part of a share purchase agreement.

8 Contingent Liabilities

There have been no material changes in contingent liabilities from those disclosed in the June 2014 annual report.

9 Commitments

Exploration expenditure

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure and obligations of the Group are subject to the minimum expenditure requirements of the relevant regulatory bodies and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectively of the relevant area of interest. The obligations are not provided for in the financial statements.

Commitments in relation to minimum statutory expenditures with respect to tenements:

	31 December 2014 \$	30 June 2014 \$
Within one year	33,000	68,000
Later than one year but not later than five years	165,000	8,099,000
Later than five years	-	-
	<u>198,000</u>	<u>8,132,000</u>

During the period Raya received confirmation from Department of State Development that the last drill spend of \$8m will be removed from their work commitment, thus not included as a commitment above.

Raya has no commitments to incur further costs in relation to the Newkirk project discussed above.

10 Related Party Transactions

During the period, Raya Group Ltd entered into a consultancy services agreement with ASC Resources, an entity controlled by Daniel Lanskey. \$257,489 (June 2014: \$NIL) has been expensed during the year in relation to these services. This is comprised of \$107,489 of fees paid in cash and 10,000,000 (valued at \$150,000) of shares issued to ASC Resources. As part of this consultancy agreement, ASC Resources could potentially receive a further 70,000,000 shares in Raya if certain milestones are met. At the time of this report, the first milestone was not achieved in the required timeframe, so 15,000,000 of these shares have not and will not be issued to ASC Resources.

ASC Resources also acquired 33,333,333 shares and options as part of a share purchase during the year.

11 Events Occurring After Balance Sheet Date

- As initially announced on 23 January 2015, Raya and Bakrie Power have entered into a Heads of Agreement ("HoA") with Space Con Pty Ltd ("SpaceCon") for the sale and purchase of the Sokoria Geothermal Project. On 3 March 2015, it was announced that SpaceCon has finalised their due diligence and will proceed with the Sale and Purchase Agreement ("SPA") for the Sokoria Geothermal Project whereby SpaceCon agrees to purchase 85% equity in PT Sokoria Geothermal Indonesia ("SGI"). SpaceCon has until 11 March 2015 to pay a deposit of \$250,000 USD, if this deadline is not met the current agreement will have lapsed and the acquisition will not progress.
- On 2nd February, Raya announced the execution of the JV Agreement with Empire Energy Group Limited to allow the parties to jointly identify, acquire and develop oil and gas leases in an exclusive Area of Mutual Interest (AMI) in Northern Oklahoma. Both Companies are to contribute oil and gas leases within the AMI on a 50/50 basis with +7,000 mainly contiguous net acres leased at present. Leases have been acquired with a 3 year primary term and 2 year bonus term with 100% Working Interest and ~81.25% Net Revenue Interest under competitive commercial terms. The JV gives the Company the ability to consolidate a larger contiguous acreage position allowing for more efficient development through economies of scale and cost sharing.
- On 26 February 2015, Raya completed a private placement to sophisticated investors raising \$402,000 at a price of 0.006c per ordinary share, with attaching option with an exercise price of 1.5c, expiring in July 2016.

Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Mr Athan Lekkas
Director

13 March 2015



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Raya Group Ltd

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Raya Group Ltd, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

The directors of Raya Group Ltd are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Raya Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Raya Group Ltd is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial report, which indicates that the continuation of the Group's normal business activities is dependent upon the Group's ability to successfully raise additional capital or source other alternative funding arrangements. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of the business, and at the amounts stated in the financial statements.

Pitcher Partners.

PITCHER PARTNERS

Nigel Batters

NIGEL BATTERS

Partner

13 March 2014

Brisbane, Queensland