EMBARGOED FOR RELEASE AT 0700 **10 September 2019**

CAIRN ENERGY PLC ("Cairn" or "Company" or "Group")

Half-Year Report Announcement

Simon Thomson, Chief Executive, Cairn Energy PLC said:

"As a full cycle E&P business Cairn has seen good progress in the first half of 2019 with the opportunity to develop and deliver multiple catalysts for future growth.

Production performance from our North Sea assets is ahead of expectations, delivering significant cash flow to reinvest in the portfolio. The SNE development in Senegal, where FID is expected in H2, remains on schedule for first oil in 2022.

Our drilling programme is about to commence offshore Mexico, where Cairn has built a material footprint in one of the world's most prolific basins. Recent portfolio acreage additions provide line of sight to future high potential exploration prospects."

H1 2019 Summary

- Combined net oil and gas production ahead of 2019 guidance at ~23,700 boepd (+15% v previous six months)
- Oil and gas sales revenue US$257m, average realised price US$68/boe; average production cost US$17/boe
- Net cash inflow from oil and gas production US$177m
- Capital expenditure: cash outflow US$135m (US$14m of tax refund receivable)
- Group cash at 30 June 2019 US$58m; US$60m drawn under US$575m RBL facility

2019 Outlook

- Full year oil production guidance: upgraded to 21,000-23,000 bopd from 19,000-22,000 bopd; average production cost reduced from US$20/boe to ~US$18/boe
- Full year forecast capital expenditure US$295m; Exploration & Appraisal US$165m (net of tax refund), Development & Production US$130m
- Portfolio Management: agreed to farm down 15% WI in Chimera to DNO, agreement with ENI to swap 15% WI in Block 10 Mexico and agreed sale of 10% WI in Nova development to ONE-Dyas
- Senegal: SNE field development (Cairn 40% WI) major contracts awarded. JV progressing towards FID in H2 2019, targeting first oil in 2022
- Mexico: two operated wells Block 9 (Cairn 50% WI) to be drilled in Q3 and Q4: two non-operated wells on Block 7 (Cairn 30% WI) and Block 10 (Cairn 15% WI) to commence in H2 2019
- UK and Norway: Drilling about to commence on Chimera (Cairn 45% WI) exploration well

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Webcast

There will be a live audio webcast of the results presentation available to view on the website (www.cairnenergy.com) at 9am BST. This can be viewed on PC, Mac, iPad, iPhone and Android mobile devices.

An 'on demand' version of the webcast will be available on the website as soon as possible after the event. This can be viewed on PC, Mac, iPad, iPhone and Android mobile devices.

Presentation

The results presentation slides will be available on the website from 7am BST.

Conference call

You can listen to the results presentation by dialling in to a listen only conference call at 9am BST using the below dial-in details.

Dial-in Details:

United Kingdom (Local): +44 (0)330 336 9411

Access code: 6783932

Transcript

A transcript of the presentation will be available on the website as soon as possible after the event.

Corporate & Finance Overview

In H1 2019, improved production performance has allowed investment in additional growth whilst giving flexibility to make long-term investment decisions that offer the Company the opportunity for continued shareholder returns.

Through managing the portfolio our investment approach ensures we apply strict capital discipline to maintain appropriate balance sheet strength. Our full cycle, sustainable business model enables us to leverage success and we continue to optimise and where appropriate expand the asset base.

By continuing to build and diversify the exploration portfolio, we have established attractive positions across ten countries with up to 14 wells planned in 2019-2020. Cairn seeks to participate in a range of exploration opportunities from early entry in frontier basins, to taking significant positions in emerging and mature basins and aims to deliver a material ongoing programme of operated and non-operated wells.

Current sources of funding include cash of US$58m at the half year end and the US$575m RBL facility of which US$60m has been drawn. The group also has a NOK700m Norway Exploration Finance Facility, which is available to finance future tax refunds on Norwegian exploration expenditure, of which NOK344m (US$40m) is currently drawn.

During H1, we were pleased to see strong production from our UK assets, generating oil and gas sales of US$257m and cash inflows of US$177m. Average oil prices for H1 were US$67.84 per boe (before a US$0.75 gain on hedging). Average production costs were US$16.73 per boe.

At 30 June 2019, Cairn has hedged ~3.4 mmbbls of future production through to December 2020 using collar structures with a weighted average floor of US$64.53 per bbl and an average ceiling of US$78.83 per bbl.

Capital expenditure for the full year 2019 is expected to be US$295m, including US$25m anticipated expenditure on Kraken and Catcher, US$105m on the Senegal and Nova developments and forecast E&A expenditure of up to US$165m. Capital expenditure in H1 2019 was US$135m (US$121m net of future Norwegian tax refunds).

Production

In H1 oil and gas production averaged 23,700 boepd net to Cairn, up 15% on the previous six months. To date in Q3 we have continued to see exceptional uptime on Catcher and significantly improved facilities performance at Kraken and as a result, are upgrading 2019 full year production guidance to 21,000-23,000 bopd net. Both fields have further investments planned with additional drilling opportunities in 2020 to help maximise recovery.

Catcher

Catcher's 99% operating efficiency, coupled with the Excess Production Amendment agreed with the FPSO owner, has allowed sustained production at ~66,600 bopd gross (~13,300 bopd net) in H1. The formal approval for the satellite fields, Catcher North and Laverda has been received which will help to sustain production rates. These two wells together with the Varadero infill well are scheduled to spud in Q2 2020 with first oil targeted in 2021. A 4D seismic survey across the Catcher Area is scheduled for mid-2020 to help confirm additional future infill well locations.

Kraken

Average gross production in the six months to June 2019, was more than 32,700 bopd (~9,650 bopd net). Significantly improved facilities performance at Kraken together with the DC4 wells coming online has resulted in more continuous periods with production rates above ~40,000 bopd being achieved. Additional drilling opportunities are maturing in the Western flank where development drilling of a producer-injector pair through spare capacity in the existing DC2 sub-sea infrastructure is planned for 2020. Kraken crude pricing continues to strengthen internationally in light of the current heavy oil market.

Developments

Senegal

The SNE field development first phase remains on schedule, targeting first oil in 2022 with expected gross production of 100,000 bopd. The JV submitted an updated SNE Exploitation and Development Plan to the Ministry of Petroleum and Energies in August 2019 in order to meet changes and further details requested by the Ministry ahead of approval. The JV is targeting the Final Investment Decision in H2 2019 and is progressing finance arrangements including project financing.

Diamond Offshore was awarded the development drilling contract in Q2 2019 with phased drilling targeted to commence in Q1 2021. Two Diamond drill ships, Ocean BlackRhino and Ocean BlackHawk, will undertake this programme. Halliburton and BHGE have been awarded the main Drilling Services contracts. Shearwater was awarded a high-density multi-azimuth 3D seismic acquisition contract over the SNE field and neighbouring FAN discovery. Data acquisition for this survey commenced in H2. The subsea and FPSO FEED activities have progressed well and are now complete.

Norway

The Nova development is on schedule with first oil targeted in 2021 and has expected gross recoverable reserves of ~80m boe, of which the majority will be oil.

In August, Cairn entered into an agreement for the sale of a 10% WI in the Nova development to ONE-Dyas Norge AS for US$59.5m plus working capital adjustments, which is expected to increase group liquidity by ~US$100m. Following this transaction, Cairn retains a participating interest of 10% in the

Nova development. The transaction remains subject to the written consent of the Norwegian Ministry of Petroleum and Energy.

Nova is anticipated to deliver peak production of 50,000 bopd (net to Cairn ~5,000 bopd). The first project milestone was achieved in H1 with two subsea templates installed on the ocean floor. This unlocked the next phase of the field development with 65km of pipelines laid in preparation for tie-back to the nearby Gjøa platform. Gjøa will receive the well stream and provide water injection and gas lift to the Nova field. A new module will be lifted onto Gjøa in 2020. Further satellite developments planned to be tied back to Gjøa have been submitted to the NPD with a likely positive impact on the operating expenditure and field life of the Nova.

Exploration

LATAM Exploration

Mexico

Since the opening of the region to international oil companies for the first time, there have been only five exploration wells drilled by IOCs in the Sureste Basin with more than 25 planned in the next five years. This compares to more than 3,000 wells in the US Gulf of Mexico in the last 35 years. Cairn now holds a material shallow water footprint in one of the world's most prolific hydrocarbon provinces.

Cairn has a position in four blocks (7, 9, 10 and 15) in the Gulf of Mexico, two as operator and two as non-operator. Mexico provides an exciting opportunity to discover commercial quantities of hydrocarbons in an under-explored region.

Cairn is targeting an estimated gross mean prospective resource of ~550 mmboe in the 2019 drilling programme due to commence in September. The two operated wells on Block 9 will be drilled on the Alom and Bitol prospects with the Maersk Developer semi-submersible rig. Contingent on the success of this exploration campaign, Cairn will seek to expediate the appraisal of any discovery.

Non-operated drilling activity will run in parallel on Blocks 7 and Block 10 where two Eni operated wells are expected to commence in Q4 2019.

In August 2019, Cairn agreed a farm-in agreement with ENI to swap 15% of Cairn's interest in Block 9 for 15% of ENI's interest in Block 10. On completion, this transaction will result in Cairn holding a reduced interest of 50% on Block 9 and a new interest of 15% on Block 10 (subject to Government approval).

Cairn operates an additional licence in Mexico on Block 15 (50% WI) located in the shallow water Tampico-Misantla Basin, north-west of the Sureste Basin interests. In August 2019 the regulator, Comisión Nacional de Hidrocarburos, approved the exploration plan with work commitments comprising the purchase of 3D seismic data and an environmental baseline survey, both of which have been completed. Further evaluation of the Block is ongoing.

Suriname

In Suriname (Cairn 100% WI), a 4,500 km 2D seismic survey was acquired in H1. Fast track processing was completed and fully processed products will be delivered in Q4 2019. This new data will be incorporated into block wide interpretations, leading to an updated prospect inventory and decision on future 3D seismic acquisition.

Nicaragua

In H1, Cairn secured all consents to complete a farm-in to a 35.1% WI of the Equinor operated exploration blocks in the Sandino Basin, offshore Nicaragua's Pacific coast. The partnership has recently completed the acquisition and processing of a modern 3D seismic survey which has provided further encouragement to support exploration drilling.

East Atlantic Exploration

Côte d'Ivoire

Cairn has entered into the frontier onshore rift play which is adjacent to an established hydrocarbon province with both oil and gas production. Cairn's farm-in for a 30% WI in all seven of Tullow Oil's onshore licences was completed in H1. A 2D seismic acquisition programme which includes passive seismic acquisition, is expected to commence in coming months, subject to the receipt of regulatory approvals. The acquisition will be phased, beginning in the eastern blocks (CI-520-CI-522) and due to be completed in 2020.

Israel

Following the end of the reporting period and subject to final completion matters, Cairn was awarded eight licences offshore Israel in the country's second offshore bid round. Cairn is Operator of the licences with a 33.34% WI alongside two JV partners: Ratio Oil Exploration with 33.33% WI, which together with partners discovered one of the world's largest deep-water gas discoveries, Leviathan, offshore Israel; and SOCO International plc with 33.33% WI.

UK & Norway Exploration

One exploration well was completed in Norway in H1: PL885 (30% WI) containing the Presto prospect which was unsuccessful. A further two exploration wells have been completed so far in Norway in Q3 2019: PL758 (Cairn Operator 50% WI) containing the Lynghaug and PL842 (Cairn Operator 40% WI) containing the Godalen prospect. Both wells were unsuccessful, there were no traces of petroleum and the wells were classified as dry.

Drilling is about to commence on a well on P2312 (45% WI), targeting the Chimera prospect which is the Company's second operated well in the UK North Sea. The well is targeting a material prospect of 150 mmbbls gross with stand-alone development potential. The well is being drilled by the Stena Don and operations are expected to complete in Q4 2019.

Cairn was awarded the two licences it applied for in the UK Frontier 31st Offshore Licensing Round in H1: Operatorship and 100% WI in the Mane licence which is located close to Chimera and 50% WI and Operatorship in the East Orkney Basin licence.

In 2020, Cairn expects to continue an exploration campaign across the UK & Norway region with two firm wells.

India

There is no change in outlook with regard to the Indian arbitration. Drafting of the award by the Tribunal is ongoing and Cairn continues to have a high level of confidence in the merits of its claim. Cairn is seeking full restitution for losses totalling more than US$1.4bn resulting from India's expropriation of its investments in India in 2014, and India's unfair and inequitable treatment of those investments, due to the imposition of retrospective tax measures.

Financial Review

Key Statistics

	H1 2019	FY 2018	H1 2018
Production – net WI share (boepd)[1]	23,714	17,533	14,377
Sales volumes (boepd)[2]	20,941	15,946	14,205
Average price per boe (US$)[3]	67.84	67.99	67.81
Revenue from production (US$m)	257.1	395.7	174.3
Average production costs per boe (US$)[4]	16.73	20.49	24.30
Depletion and amortisation costs per boe (US$)	28.57	26.75	25.29
Net cash inflow from oil and gas production	176.6	224.2	57.3
Net cash inflow from operating activities	172.9	209.0	33.1

[1] Based on 20% Catcher production and 29.5% of Kraken production before deducting FlowStream's entitlement to Kraken volumes during the period of 1,475 bopd (YE 2018: 1,360 bopd; H1 2018: 1,382 bopd)

[2] Working interest share of cargoes sold during the period, net of FlowStream entitlement

[3] Excluding hedging gains of US$0.75/boe (2018 full year: costs of US$1.34/boe; 2018 half year: costs of US$0.84/boe)

[4] Production costs include cost of sales plus right-of-use asset lease repayments; total lease costs of US$8.92/boe (2018 full year: US$10.46/boe; 2018 half year US$12.43/boe)

Production

During the first half of 2019, daily production volumes on both assets have increased significantly. Catcher production averaged ~70,200 boepd gross for the first half of the year and Kraken averaged more than 32,700 bopd for the period.

Revenue

Revenue from the sale of oil and gas was US$257.1m in the six months to 30 June 2019, before adjusting for hedging gains of US$2.9m. Release of deferred revenue of US$9.7m and royalty income in Mongolia of US$0.6m, increased total revenue to US$270.3m.

Cost of sales

Total production costs of US$33.8m include US$10.1m of variable lease payments on the Catcher and Kraken FPSOs. Following adoption of IFRS 16, both the Kraken and Catcher FPSOs are recorded as right-of-use assets in the Balance Sheet with lease liabilities recognised representing minimum payments due over the expected life of the lease contract. Previously, Catcher was accounted for as an operating lease, with all payments charged direct to production costs. Comparative information in the financial statements has not been adjusted.

Movements in oil inventory and overlift/underlift positions, measured at market value, of US$9.8m were credited against cost of sales in the period.

The increased depletion and amortisation cost per boe arises from the capitalisation and subsequent amortisation of the right-of-use asset in relation to the Catcher FPSO.

Net cash inflow from operating activities and cash generated from oil and gas production

Reported net cash inflow from operating activities for the period of US$172.9m reflects net cash generated from oil and gas sales after deducting administrative costs. After adding back administrative costs and pre-award expenditure, and deducting lease payments, net cash inflow from oil and gas production was US$176.6m.

Net cash inflow for the Period

	US$m
Opening cash and long-term borrowings at 1 January 2019	(18.7)
Net cash inflow from oil and gas production[1]	176.6
Pre-award costs and new venture activities	(14.0)
Exploration expenditure[2]	(69.8)
Development and pre-development expenditure[3]	(65.1)
Administration expenses and corporate assets	(17.1)
Drawings under Exploration Finance Facility	12.9
Net finance costs and foreign exchange movements	(7.0)
Closing net cash and long-term borrowings at 30 June 2019[4]	**(2.2)**

[1]Net cash inflow from oil and gas production includes cash flows from sale of oil and gas and includes all FPSO lease payments (including financing cash flows for lease payments and reimbursements)

[2]Exploration expenditure represents investing cash outflow of US$89.5m excluding US$19.7m of pre-development spend in Senegal

[3] Includes investing cash outflow of US$45.4m on development/producing assets and US$19.7m of pre-development spend in Senegal

[4] Cash balance of US$57.8m offset by US$60m of drawings under the RBL facility

Cairn had net debt of US$2.2m at 30 June 2019, representing a net cash inflow of US$16.5m over the six-month period. Borrowings under the Group's RBL facility at 30 June 2019 were US$60m, before adjusting for unamortised facility fees and accrued interest, representing a net repayment of US$25m in the period. Closing net cash and long-term borrowings presented above exclude US$39.6m drawn under the Norwegian Exploration Finance Facility ("EFF") which are advances secured against tax refunds due from the Norwegian government and are not considered a true reflection of the Group's current indebtedness.

There were no changes to the terms of either the RBL or EFF during the period.

Cash outflows on exploration expenditure in the period include US$22.6m of UK & Norway costs primarily relating to the unsuccessful wells in Norway, US$28.7m on completion of farm-ins in Nicaragua and Côte D'Ivoire and US$11.0m in advance of drilling in Mexico, with the balance of US$7.5m on the Group's remaining exploration licence and licence options in Suriname, Ireland and Mauritania.

Development and pre-development cash outflows in the period primarily relate to costs on Kraken, Nova and Senegal. On Kraken, cash spend of US$17m included the completion of final development drilling on Drill Centre 4 and on Nova cash expenditure of US$26.8m was incurred as the development progresses. Cash outflows in relation to Senegal pre-development of US$19.7m included FEED costs prior to FID approval expected later this year.

Capital expenditure on Oil and Gas Assets

	US$m
Opening oil and gas assets at 1 January 2019*	1,765.5
Exploration and appraisal additions	
UK & Norway	20.6
LATAM	37.2
East Atlantic	11.2
Pre-development additions:	
Senegal	21.5
Development additions	
UK & Norway	68.7
Unsuccessful exploration costs – UK & Norway	(24.6)
Depletion and amortisation – UK & Norway	(122.6)
Other movements	(0.6)
Foreign exchange movements	2.2
Closing oil and gas assets at 30 June 2019	**1,779.1**

* after opening IFRS 16 adjustment

Exploration and appraisal asset additions in the UK & Norway include costs of the three exploration wells that were either completed or had commenced in the period. In LATAM, US$22.1m of costs relate to Nicaragua following the farm-in to four non-operated blocks and US$5.5m was incurred in Suriname following the 2018 farm-in to the B61 licence. The remaining LATAM costs of US$9.6m were spent in Mexico in advance of exploration drilling commencing this year.

In the East Atlantic segment, US$8.7m was incurred following the completion of the farm-in to seven non-operated licences in Côte D'Ivoire and the balance of US$2.5m on licence options in Mauritania and Ireland.

Senegal activities reflect the continuing work on development planning following the transfer of the operatorship of the licence to Woodside.

Development additions in the period totalling US$68.7m include the completion of development drilling on Kraken and related increases to the decommissioning asset and costs incurred on the Nova development. Spend on Catcher was minimal during the period.

Subsequent to the period-end Cairn has entered into four asset-related transactions for which approval from relevant authorities is awaited: the farm-down of the Group's working interest in the UK Laverda discovery to equalise its interests with the main Catcher development, the farm-down of a 15% working interest in the UK Chimera licence, the sale of a 10% working interest in the Norwegian Nova development and a swap of a 15% working interest in Block 9 in Mexico for the same working interest in neighbouring Block 10. Of the four, only the Nova sale is expected to have a material impact on the financial statements, where a gain on sale of ~US$31m is forecast.

Cairn has reviewed all exploration/appraisal and development/producing assets for indicators of impairment, testing for impairment where an indicator was identified. No impairment was recorded. This reflects relatively stable market conditions and performance from assets in line with or above expectation. The Group's oil price assumption remains unchanged at the three-year Brent forward curve then US$70 per bbl long term.

Results for the period – Other operating income and expense

Other operating income and costs, administrative expenses and net finance costs

	Period ended 30 June 2019 US$m	Period ended 30 June 2018 US$m	Year ended 31 December 2018 US$m
Pre-award costs	(10.8)	(12.0)	(25.4)
Unsuccessful exploration costs	(25.2)	(46.8)	(48.2)
Administrative expenses and other income/costs	(17.6)	(14.4)	(49.9)
Related tax credits	23.4	33.3	41.1
Operational and administrative expenses	**(30.2)**	**(39.9)**	**(82.4)**
Net finance costs	**(15.9)**	**(18.2)**	**(18.6)**

Pre-award costs reflect ongoing activity as Cairn seeks new opportunities to add to its portfolio of assets. Subsequent to the period-end Cairn was awarded eight licences offshore Israel.

Unsuccessful exploration costs, relating almost exclusively to the UK & Norway region, include costs written off on the Lynghaug, Presto and Godalen wells offshore Norway of US$12.3m, US$7.9m and

US$3.7m respectively. The balance of US$1.3m was expensed on other licences where no further exploration activities are planned.

Related tax credits reflect Norwegian current tax refunds receivable on qualifying exploration and administrative expenses.

Taxation

During the period, Cairn made a UK ring fence profit in the period which was fully offset by brought forward losses. At 30 June 2019, Cairn had total UK ring fence losses of US$795.0m and supplementary charge losses of $710.4m. US$795.0m of UK ring fence losses as well as $317.9m of supplementary charge losses are recognised as deferred tax assets to fully offset deferred tax liabilities of US$270.3m. The remaining supplementary charge tax losses of US$392.4m, the activated investment allowance total of $627.4m and the deferred tax impact of the decommissioning liability represent an unrecognised deferred tax asset of US$159.3m at 30 June 2019.

A cash tax refund is receivable in Norway in respect of 78% of qualifying exploration and overhead spend. US$13.7mm of tax credits are recorded for amounts receivable relating to the current period. Norwegian deferred tax liabilities at 30 June 2019 of US$57.6m reflect timing differences on the carrying value of exploration assets where either a tax refund has been claimed or an uplift is available on capital spend.

Board Changes

In H1, Cairn announced the appointment of two new independent non-executive directors: Catherine Krajicek and Alison Wood who joined the Board with effect from 1 July 2019. Alison Wood is a member of the Company's audit committee. Alexander Berger served on the Board for nine years as non-executive director and retired from the Company at the AGM in May 2019.

Environmental Social Governance (ESG)

Our approach is governed by our commitment to working responsibly in all of our activities. Our culture is based on our longstanding core values, known as the 3Rs which stand for: building Respect, nurturing Relationships and acting Responsibly.

We recognise that internationally agreed climate change targets will require a significant transition to alternative sources of energy across the world. However, oil and gas will continue to play a critical role in meeting growing global energy demand during that transition period and Cairn will help meet that demand safely and responsibly.

We are committed to working to International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability, which are in line with the UN Global Compact principles. Since 2012 we have also been a participating company in the Extractive Industries Transparency Initiative (EITI) which is a coalition of governments, companies and civil society that have adopted a joint approach to applying the EITI global standard, promoting transparency of payments in the oil, gas and mining sectors.

Our (non-operated) Catcher and Kraken assets come under the EU Emissions Trading Scheme Regulations.

We will continue to work to better understand and respond to the climate change associated challenges facing the industry. We will continue to work to global standards and reaffirm our commitment to the United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles in support of UN goals. These topics are considered by the Senior Executives and Board on a regular basis

Principal risks and uncertainties

Managing the Group's key risks and associated opportunities is essential to Cairn's long-term success and sustainability. The Group endeavours to pursue investment opportunities which offer an appropriate level of return whilst ensuring the level of associated political, commercial and technical risk remains within the defined risk appetite of the Group.

The Group's risk management framework provides a systematic process for the identification and management of the key risks and opportunities which may affect the delivery of the Group's strategic objectives. Key Performance Indicators are set annually, and determining the level of risk the Group is willing to accept in the pursuit of these objectives is a fundamental component of the Group's risk management framework.

Overall responsibility for the system of risk management and internal control and reviewing the effectiveness of such systems rests with the Board. Principal risks, as well as progress against key risk projects, are reviewed at each Board meeting and at least once a year the Board undertakes a risk workshop to review the Group's principal risks. This integrated approach to risk management has been and continues to be critical to the delivery of strategic objectives.

Responding to Changing Risks during H1 2019

Cairn has assessed the principal risks and uncertainties at the end of H1 2019 and concluded that the principal risks identified at 2018 year-end remain relevant. The principal risks are:

- Lack of exploration success
- Volatile oil and gas prices
- Securing new venture opportunities
- Delay in Senegal development plan approval
- Kraken and Catcher operational and project performance
- Reliance on JV operators for asset performance
- Health, safety, environment and security
- Fraud, bribery and corruption
- Inability to secure or repatriate value from India
- Political and fiscal uncertainties
- Access to debt markets

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors' confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss for the period and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Cairn Energy PLC are listed in the Cairn Energy PLC Annual Report for 31 December 2018. A list of current directors is maintained on the Cairn Energy PLC website: www.cairnenergy.com

By order of the Board.

Simon Thomson	**James Smith**
Chief Executive	Chief Financial Officer
9 September 2019	9 September 2019

Independent review report to Cairn Energy PLC

Report on the consolidated financial statements

Our conclusion

We have reviewed Cairn Energy PLC's consolidated financial statements (the "interim financial statements") in the half-year report of Cairn Energy PLC for the 6-month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the group balance sheet as at 30 June 2019;
- the group income statement and group statement of comprehensive income for the period then ended;
- the group statement of cash flows for the period then ended;
- the group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information 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 International Standards on Auditing (UK) 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.

We have read the other information contained in the half-year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh
9 September 2019

Contents

Cairn Energy PLC

Group Income Statement

For the six months ended 30 June 2019

	Note	**Six months ended 30 June 2019 (unaudited) US$m**	Six months ended 30 June 2018 (unaudited) US$m	Year ended 31 December 2018 (audited) US$m
Continuing operations				
Revenue	2.1	**270.3**	182.4	410.3
Cost of sales	2.1	**(33.8)**	(78.0)	(131.4)
Depletion and amortisation	2.3	**(122.6)**	(65.7)	(171.2)
Gross profit		**113.9**	38.7	107.7
Pre-award costs		**(10.8)**	(12.0)	(25.4)
Unsuccessful exploration costs	2.2	**(25.2)**	(46.8)	(48.2)
Loss on disposal of intangible exploration/appraisal assets		**-**	(4.5)	(4.5)
Other operating income		**-**	5.0	5.0
Administrative expenses		**(17.6)**	(14.9)	(50.4)
Impairment of property, plant & equipment - development/producing assets		**-**	-	(166.3)
Operating profit/(loss)		**60.3**	(34.5)	(182.1)
Loss on derecognition of financial assets at fair value through profit or loss		**-**	(230.8)	(713.1)
Loss on financial assets at fair value through profit or loss		**(1.0)**	(319.4)	(352.2)
Finance income		**2.2**	5.9	19.2
Finance costs		**(18.1)**	(24.1)	(37.8)
Profit/(Loss) before taxation from continuing operations		**43.4**	(602.9)	(1,266.0)
Tax credit	5.1	**23.1**	102.4	130.5
Profit/(Loss) for the period attributable to equity holders of the parent		**66.5**	(500.5)	(1,135.5)
Profit/(Loss) per ordinary share – basic (cents)	4.2	**11.44**	(86.20)	(195.59)
Profit/(Loss) per ordinary share – diluted (cents)	4.2	**11.35**	(86.20)	(195.59)

Cairn Energy PLC

Group Statement of Comprehensive Income

For the six months ended 30 June 2019

	Note	**Six months ended 30 June 2019 (unaudited) US$m**	Six months ended 30 June 2018 (unaudited) US$m	Year ended 31 December 2018 (audited) US$m
Profit/(Loss) for the period		**66.5**	(500.5)	(1,135.5)
Other Comprehensive Income – items that may be recycled to the Income Statement				
Fair value on hedge options	3.4	**(25.3)**	(15.6)	36.1
Hedging (gain)/loss recycled to the Income Statement	2.1	**(2.9)**	2.2	7.8
Currency translation differences		**2.7**	(0.8)	(15.6)
Other Comprehensive (Expense)/Income for the period		**(25.5)**	(14.2)	28.3
Total Comprehensive Income/(Expense) for the period attributable to equity holders of the parent		**41.0**	(514.7)	(1,107.2)

Cairn Energy PLC

Group Balance Sheet

As at 30 June 2019

	Note	30 June 2019 (unaudited) US$m	30 June 2018 (unaudited) US$m	31 December 2018 (audited) US$m
Non-current assets				
Intangible exploration/appraisal assets	2.2	**660.7**	632.7	595.1
Property, plant & equipment – development/producing assets	2.3	**1,118.4**	1,150.1	1,022.9
Property, plant & equipment – other		**10.0**	1.7	1.2
Intangible assets – goodwill		**126.4**	128.6	125.8
Intangible assets – other		**5.9**	7.6	6.7
Derivative financial instruments	3.4	**2.6**	-	7.7
		1,924.0	1,920.7	1,759.4
Current assets				
Inventory		**12.4**	9.1	8.2
Financial asset at fair value through profit or loss		**5.9**	522.0	6.9
Cash and cash equivalents		**57.8**	74.8	66.3
Trade and other receivables	3.3	**128.0**	130.5	91.2
Derivative financial instruments	3.4	**13.8**	1.8	36.7
Income tax asset	5.2	**46.9**	62.2	32.8
		264.8	800.4	242.1
Total assets		**2,188.8**	2,721.1	2,001.5
Current liabilities				
Loans and borrowings	3.1	**31.5**	92.9	26.2
Lease liabilities	3.2	**53.6**	5.1	18.5
Derivative financial instruments	3.4	**-**	14.6	-
Trade and other payables	3.5	**105.7**	153.7	103.1
Deferred revenue	3.6	**17.7**	21.5	22.0
Provisions – other		**2.8**	2.8	2.8
		211.3	290.6	172.6
Non-current liabilities				
Provisions – decommissioning	2.4	**148.4**	121.0	119.1
Loans and borrowings	3.1	**58.9**	28.3	75.5
Lease liabilities	3.2	**249.8**	169.8	146.9
Deferred revenue	3.6	**25.4**	42.9	30.8
Deferred tax liabilities	5.3	**57.6**	87.5	66.5
		540.1	449.5	438.8
Total liabilities		**751.4**	740.1	611.4
Net assets		**1,437.4**	1,981.0	1,390.1
Equity attributable to equity holders of the Parent				
Called-up share capital		**12.6**	12.6	12.6
Share premium		**489.7**	489.5	489.7
Shares held by ESOP/SIP Trusts		**(17.2)**	(15.7)	(19.6)
Foreign currency translation		**(187.8)**	(175.7)	(190.5)
Capital reserves – non-distributable		**40.8**	40.8	40.8
Merger reserve		**255.9**	255.9	255.9
Hedge reserve		**12.8**	(16.3)	41.0
Retained earnings		**830.6**	1,389.9	760.2
Total equity		**1,437.4**	1,981.0	1,390.1

Cairn Energy PLC

Group Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June 2019 (unaudited) US$m	Six months ended 30 June 2018 (unaudited) US$m	Year ended 31 December 2018 (audited) US$m
Cash flows from operating activities			
Profit/(Loss) before taxation from continuing operations	**43.4**	(602.9)	(1,266.0)
Adjustments for non-cash income and expense and non-operating cash flow:			
Release of deferred revenue	**(9.7)**	(9.6)	(21.2)
Unsuccessful exploration costs	**25.2**	46.8	48.2
Depreciation, depletion and amortisation charges	**125.2**	67.5	174.9
Share-based payments charge	**6.3**	8.5	14.7
Impairment of property, plant & equipment - development/producing assets	**-**	-	166.3
Loss on derecognition of financial assets at fair value through profit or loss	**-**	230.8	713.1
Loss on financial assets at fair value through profit or loss	**1.0**	319.4	352.2
Loss on disposal of intangible exploration/appraisal assets	**-**	4.5	4.5
Finance income	**(2.2)**	(5.9)	(19.2)
Finance costs	**18.1**	24.1	37.8
Adjustments for cash flow movements in assets and liabilities:			
Income tax refund received relating to operating activities	**-**	-	20.4
Inventory movement	**(4.2)**	1.3	2.2
Trade and other receivables movement	**(26.3)**	(66.4)	(41.6)
Trade and other payables movement	**(3.9)**	15.0	22.7
Net cash flows from operating activities	**172.9**	33.1	209.0
Cash flows from investing activities			
Expenditure on intangible exploration/appraisal assets	**(89.5)**	(73.5)	(188.0)
Expenditure on property, plant & equipment - development/producing assets	**(45.4)**	(61.0)	(109.5)
Proceeds on disposal of intangible exploration assets	**-**	-	3.6
Income tax refund received relating to investing activities	**-**	-	16.4
Purchase of other property, plant & equipment and intangible assets	**(2.5)**	(0.8)	(2.9)
Interest received and other finance income	**2.0**	0.6	2.0
Net cash flows used in investing activities	**(135.4)**	(134.7)	(278.4)
Cash flows from financing activities			
Debt arrangement fees	**-**	(2.4)	(10.4)
Other interest and charges	**(8.0)**	(4.3)	(12.6)
Proceeds from borrowings	**32.9**	94.4	117.4
Repayment of borrowings	**(45.0)**	-	(31.2)
Proceeds from the issue of shares	**-**	1.6	1.7
Cost of shares purchased	**-**	(3.7)	(13.6)
Lease payments	**(30.0)**	-	(7.4)
Lease reimbursements	**5.1**	2.8	4.7
Net cash flows (used in)/from financing activities	**(45.0)**	88.4	48.6
Net decrease in cash and cash equivalents	**(7.5)**	(13.2)	(20.8)
Opening cash and cash equivalents at the beginning of the period	**66.3**	86.5	86.5
Foreign exchange differences	**(1.0)**	1.5	0.6
Closing cash and cash equivalents	**57.8**	74.8	66.3

Cairn Energy PLC

Group Statement of Changes in Equity

For the six months ended 30 June 2019

	Equity share capital and share premium US$m	Shares held by ESOP/ SIP Trusts US$m	Foreign currency translation US$m	Merger and capital reserves US$m	Hedge reserve US$m	Retained earnings US$m	**Total equity US$m**
At 1 January 2018	500.5	(10.2)	(174.9)	296.7	(2.9)	1,885.3	2,494.5
Loss for the year	-	-	-	-	-	(1,135.5)	(1,135.5)
Fair value on hedge options	-	-	-	-	36.1	-	36.1
Hedging loss recycled to the Income Statement	-	-	-	-	7.8	-	7.8
Currency translation differences	-	-	(15.6)	-	-	-	(15.6)
Total comprehensive expense	-	-	(15.6)	-	43.9	(1,135.5)	(1,107.2)
Share-based payments	-	-	-	-	-	14.7	14.7
Shares issued for cash	0.1	(0.1)	-	-	-	-	-
Cost of shares purchased	-	(13.6)	-	-	-	-	(13.6)
Exercise of employee share options	1.7	-	-	-	-	-	1.7
Cost of shares vesting	-	4.3	-	-	-	(4.3)	-
At 31 December 2018	502.3	(19.6)	(190.5)	296.7	41.0	760.2	**1,390.1**
Profit for the period	-	-	-	-	-	66.5	**66.5**
Fair value on hedge options	-	-	-	-	(25.3)	-	**(25.3)**
Hedging gain recycled to the Income Statement	-	-	-	-	(2.9)	-	**(2.9)**
Currency translation differences	-	-	2.7	-	-	-	**2.7**
Total comprehensive income	-	-	2.7	-	(28.2)	66.5	**41.0**
Share-based payments	-	-	-	-	-	6.3	**6.3**
Cost of shares vesting	-	2.4	-	-	-	(2.4)	**-**
At 30 June 2019	**502.3**	**(17.2)**	**(187.8)**	**296.7**	**12.8**	**830.6**	**1,437.4**

Cairn Energy PLC

Group Statement of Changes in Equity (continued)

For the six months ended 30 June 2018:

	Equity share capital and share premium US$m	Shares held by ESOP/ SIP Trusts US$m	Foreign currency translation US$m	Merger and capital reserves US$m	Hedge reserve US$m	Retained earnings US$m	Total equity US$m
At 1 January 2018	500.5	(10.2)	(174.9)	296.7	(2.9)	1,885.3	2,494.5
Loss for the period	-	-	-	-	-	(500.5)	(500.5)
Fair value on hedge options	-	-	-	-	(15.6)	-	(15.6)
Hedging loss recycled to the Income Statement	-	-	-	-	2.2	-	2.2
Currency translation differences	-	-	(0.8)	-	-	-	(0.8)
Total comprehensive expense	-	-	(0.8)	-	(13.4)	(500.5)	(514.7)
Share-based payments	-	-	-	-	-	8.5	8.5
Shares issued for cash	0.1	-	-	-	-	-	0.1
Exercise of employee share options	1.5	-	-	-	-	-	1.5
Cost of shares purchased	-	(8.9)	-	-	-	-	(8.9)
Cost of shares vesting	-	3.4	-	-	-	(3.4)	-
At 30 June 2018	502.1	(15.7)	(175.7)	296.7	(16.3)	1,389.9	1,981.0

Section 1 – Basis of Preparation

1.1 Accounting Policies

Basis of preparation

The half-yearly condensed consolidated Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard IAS 34, 'Interim financial reporting', as adopted by the European Union. They should be read in conjunction with the annual Financial Statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

This half-yearly report was approved by the Directors on 9 September 2019.

The disclosed figures, which have been reviewed but not audited, are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018, on which the auditors gave an unqualified audit report, which did not contain an emphasis of matter paragraph or any statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies.

This half-yearly report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2019, and uses the same accounting and financial risk management policies and methods of computation as those applied for the year ended 31 December 2018, other than changes to accounting policies resulting from the adoption of new or revised accounting standards.

The impact on the Financial Statements of the adoption of IFRS 16 'Leases' on 1 January 2019 can be found in note 1.3. Other changes to IFRS effective 1 January 2019 have no significant impact on Cairn's accounting policies or Financial Statements.

Significant key estimates and assumptions are unchanged from those applied in the year ended 31 December 2018 and the same have accordingly been applied here. Key estimates and assumptions applied on the adoption of IFRS 16 are detailed in note 1.3.

1.2 Going Concern

The Directors have considered the factors relevant to support a statement of going concern.

In assessing whether the going concern assumption is appropriate, the Board considered the Group cash flow forecasts under various scenarios, identifying risks and mitigating factors and ensuring the Group has sufficient funding to meet its current and contracted commitments as and when they fall due for a period of at least 12 months from the date of signing these Financial Statements.

The Directors have a reasonable expectation that the Group will continue in operational existence for this 12-month period and have therefore used the going concern basis in preparing the Financial Statements.

1.3 Adoption of IFRS 16 'Leases'

Cairn has adopted IFRS 16 'Leases' with effect from 1 January 2019. Cairn has chosen to apply IFRS 16 retrospectively with the cumulative effect of initial application recognised at the date of adoption. In doing so Cairn has elected not to re-assess whether contracts contain a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

In assessing the impact of IFRS 16, Cairn identified the following assets where right-of-use assets and lease liabilities are recognised on adoption:

- Accounting for the FPSO on the UK Catcher producing asset; and
- Accounting for non-cancellable leases of the Group's office premises in Edinburgh, London, Stavanger and Mexico City.

All other leases identified have either yet to commence on the date of adoption, are for periods of less than one year, have less than one year remaining on the date of adoption or are for low-value items which have no material impact on the Group's Financial Statements.

In applying IFRS 16, Cairn has used the following practical expedients permitted by the standard:

- Accounting for leases with a remaining term of less than 12 months at 1 January 2019 as short-term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of adoption.

Cairn has also chosen to measure the right-of-use assets recognised at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, immediately before the date of adoption for all right-of-use assets recognised. There is therefore no adjustment to opening retained earnings.

Section 1 – Basis of Preparation (continued)

1.3 Adoption of IFRS 16 'Leases' (continued)

Kraken FPSO
Under IFRS 16, the carrying amount of a right-of-use asset and lease liability for leases previously classified as finance leases is equal to the carrying amount of the lease asset and lease liability immediately before the date of adoption. Therefore, the adoption of IFRS 16 has no impact on the right-of-use asset and lease liability previously recognised for the Kraken FPSO.

Catcher FPSO
Cairn has recognised a lease liability and a corresponding right-of-use asset of US$147.5m for the Catcher FPSO on adoption of IFRS 16. The Catcher FPSO lease was previously classified as an operating lease under IAS 17.

The key estimates and assumptions applied in measuring the right-of-use asset and lease liability were as follows:

- The minimum lease commitment is equal to 75% of the contracted day rate with all payments in excess of the minimum being classified as variable lease payments dependent upon performance;
- The lease term is equal to the current non-cancellable period of the lease with no reasonable plans to extend the lease contract beyond the initial term;
- No exercise of the option to purchase at the end of the initial term; and
- The interest rate applied is equal to the Group's incremental borrowing rate on the date of adoption rather than a rate implicit in the lease contract which could not be readily determined.

The right-of-use asset is being amortised on a unit-of-production basis in accordance with the Group's accounting policy.

Other Property, Plant & Equipment – Leasehold Property
The Group recognised lease liabilities and corresponding right-of-use assets of US$10.0m in relation to leasehold premises.

The key estimates and assumptions applied in measuring these right-of-use assets and lease liabilities were as follows:

- The lease term is equal to the current non-cancellable period of the lease with no reasonable plans to extend the lease contract beyond the initial term for any of the Group's office premises;
- The interest rate applied is equal to the Group's incremental borrowing rate on the date of adoption rather than a rate implicit in the lease contracts where this could not be readily determined.

The assets will be amortised on a straight-line basis over the remaining life of the leases.

Adjustments recognised on adoption of IFRS 16: Reconciliation to 2018 Operating lease commitment
A reconciliation of operating lease commitments at 31 December 2018 to the opening lease liabilities on adoption of IFRS 16 is as follows:

	Production costs US$m	Exploration/ Appraisal assets US$m	Development/ Producing assets US$m	Administrative expenses US$m	**Total US$m**
Operating lease commitments	171.6	21.2	13.4	11.5	**217.7**
Attributable to:					
Leases yet to commence	-	(20.7)	(9.5)	-	**(30.2)**
Short-term leases	-	(0.5)	(3.9)	-	**(4.4)**
Lease of low value items	-	-	-	(0.3)	**(0.3)**
Gross lease liability	171.6	-	-	11.2	**182.8**
Interest implicit in lease	(24.1)	-	-	(1.2)	**(25.3)**
Opening lease liabilities adjustment	**147.5**	**-**	**-**	**10.0**	**157.5**
Right-of-use asset – tangible development/producing asset	147.5	-	-	-	**147.5**
Right-of-use assets – property, plant & equipment - other	-	-	-	10.0	**10.0**
Opening right-of-use assets adjustments	**147.5**	**-**	**-**	**10.0**	**157.5**

The weighted average incremental borrowing rate used to discount opening lease liabilities is 5.75%.

Section 1 – Basis of Preparation (continued)

1.3 Adoption of IFRS 16 'Leases' (continued)

Impact on Financial Statements at 30 June 2019
As a result of adoption of IFRS 16, the following Income Statement line items have been impacted for the period ending 30 June 2019:

	US$m
Decrease in cost of sales	**16.8**
Increase in depletion and amortisation	**(24.0)**
Decrease in gross profit	**(7.2)**
Decrease in administrative expenses	**0.2**
Decrease in operating profit	**(7.0)**
Increase in finance costs	**(4.0)**
Decrease in profit before taxation	**(11.0)**
Decrease in profit after taxation	**(11.0)**
Impact on profit after taxation by segment:	
UK & Norway	**(11.0)**

Basic and diluted earnings per share decreased by 1.90 cents and 1.88 cents per share respectively for the six months ended 30 June 2019.

In the Cash Flow Statement, lease payments of US$18.6m, which would previously have been classified as operating cash outflows are now included in financing activities.

In the Group Balance Sheet at 30 June 2019, Property, plant & equipment - development/producing assets have increased by US$123.5m, Property, plant & equipment – other by US$8.6m and lease liabilities by US$143.4m as a result of adoption. The impact on assets and liabilities per segment as disclosed in note 4.1 is as follows:

	US$m
Increase in segment assets:	
UK & Norway	**124.4**
Other Cairn Energy PLC Group	**7.2**
LATAM	**0.5**
Increase in segment liabilities:	
UK & Norway	**135.4**
Other Cairn Energy PLC Group	**7.5**
LATAM	**0.5**

Section 2 – Oil and Gas Assets and Operations

2.1 Gross Profit: Revenue and Cost of Sales

	Six months ended 30 June 2019 US$m	Six months ended 30 June 2018 US$m	Year ended 31 December 2018 US$m
Oil sales	**255.4**	174.1	393.2
Gas sales	**1.7**	0.2	2.5
Gain/(Loss) on hedge options	**2.9**	(2.2)	(7.8)
Release of deferred revenue	**9.7**	9.6	21.2
Revenue from oil and gas sales	**269.7**	181.7	409.1
Royalty income	**0.6**	0.7	1.2
Revenue	**270.3**	182.4	410.3
Production and other costs	**(33.5)**	(30.9)	(64.2)
Oil inventory and overlift/underlift adjustments	**9.8**	(14.8)	(7.7)
Variable and operating lease charges	**(10.1)**	(32.3)	(59.5)
Cost of sales	**(33.8)**	(78.0)	(131.4)
Depletion and amortisation charges (note 2.3)	**(122.6)**	(65.7)	(171.2)
Gross profit	**113.9**	38.7	107.7

Section 2 – Oil and Gas Assets and Operations (continued)

2.2 Intangible Exploration/Appraisal Assets

	Senegal US$m	UK & Norway US$m	LATAM US$m	East Atlantic US$m	**Total US$m**
Cost					
At 1 January 2018	434.5	210.2	13.1	24.3	682.1
Foreign exchange	-	1.4	-	-	1.4
Additions	12.1	44.8	5.9	1.8	64.6
Disposals	-	(5.9)	-	-	(5.9)
Unsuccessful exploration costs	-	(45.9)	-	(0.9)	(46.8)
At 30 June 2018	446.6	204.6	19.0	25.2	695.4
Foreign exchange	-	(2.0)	-	-	(2.0)
Additions	16.4	57.4	13.7	(3.7)	83.8
Disposals	-	(2.3)	-	-	(2.3)
Transfer to development/producing assets	-	(115.7)	-	-	(115.7)
Unsuccessful exploration costs	-	(16.7)	-	15.3	(1.4)
At 31 December 2018	463.0	125.3	32.7	36.8	**657.8**
Foreign exchange	-	0.3	-	-	**0.3**
Additions	21.5	20.6	37.2	11.2	**90.5**
Disposals	-	-	-	-	**-**
Unsuccessful exploration costs	-	(24.6)	-	(0.6)	**(25.2)**
At 30 June 2019	**484.5**	**121.6**	**69.9**	**47.4**	**723.4**
Impairment					
At 1 January 2018, 30 June 2018, 31 December 2018 and 30 June 2019	**-**	**48.1**	**-**	**14.6**	**62.7**
Net book value					
At 30 June 2018	446.6	156.5	19.0	10.6	632.7
At 31 December 2018	463.0	77.2	32.7	22.2	595.1
At 30 June 2019	**484.5**	**73.5**	**69.9**	**32.8**	**660.7**

As explained in note 4.1 the International Segment has now been separated into two business units, 'East Atlantic' (which includes the Group's exploration assets in Ireland, Mauritania, and Cote D'Ivoire) and 'LATAM' (which includes Latin American assets in Mexico, Nicaragua and Suriname).

Senegal
Additions in the period of US$21.5m have mainly been incurred for exploitation and pre-development costs.

UK & Norway
During the period the Group participated in two Norwegian exploration wells: PL758 Lynghaug and PL885 Presto. Subsequent to the period-end a third Norwegian well, PL842 Godalen, also completed. Additions in the period of US$20.6m include US$13.2m relating to the three wells, including costs of US$8.5m in respect of short-term leases, primarily for drilling rigs. All three wells were unsuccessful and costs of US$24.6m have been charged to the Income Statement.

LATAM (Latin America)
Additions in the period include US$22.1m following the farm-in to non-operated licences in Nicaragua, US$9.6m incurred in Mexico in advance of exploration drilling commencing in the second half of 2019 and US$5.5m in Suriname, of which US$3.9m was on the acquisition of seismic.

East Atlantic
Additions in the period of US$11.2m include US$8.7m in Côte D'Ivoire following the farm-in to seven non-operated licences.

Impairment review
At 30 June 2019, Cairn reviewed its intangible exploration/appraisal assets for indicators of impairment, and where indicators were identified, performed impairment tests. An indicator of impairment was identified on the UK Laverda asset which is allocated to the Catcher cash-generating unit for impairment testing. No impairment was recorded from the subsequent test. Sensitivity analysis performed using downward oil-price sensitivities consistent with those run at the 31 December 2018 year end did not identify impairment under any of these scenarios.

Section 2 – Oil and Gas Assets and Operations (continued)

2.3 Property, Plant & Equipment – Development/Producing Assets

	UK & Norway US$m	UK & Norway right-of-use leased assets US$m	**Total US$m**
Cost			
At 1 January 2018	1,050.2	177.4	1,227.6
Additions	9.3	-	9.3
At 30 June 2018	1,059.5	177.4	1,236.9
Foreign exchange	(6.8)	-	(6.8)
Additions	47.2	-	47.2
Transfer from exploration/appraisal assets	115.7	-	115.7
Re-measurement of right-of-use leased asset	-	(11.5)	(11.5)
At 31 December 2018	1,215.6	165.9	**1,381.5**
Right-of-use leased asset – IFRS 16 opening balance adjustment (see note 1.3)	-	147.5	**147.5**
At 1 January 2019	1,215.6	313.4	**1,529.0**
Foreign exchange	1.9	-	**1.9**
Additions	68.4	0.3	**68.7**
At 30 June 2019	**1,285.9**	**313.7**	**1,599.6**
Depletion, amortisation and impairment			
At 1 January 2018	17.6	3.5	21.1
Depletion and amortisation	57.8	7.9	65.7
At 30 June 2018	75.4	11.4	86.8
Depletion and amortisation	95.2	10.3	105.5
Impairment	166.3	-	166.3
At 31 December 2018	336.9	21.7	**358.6**
Depletion and amortisation	88.8	33.8	**122.6**
At 30 June 2019	**425.7**	**55.5**	**481.2**
Net book value			
At 30 June 2018	984.1	166.0	1,150.1
At 31 December 2018	878.7	144.2	1,022.9
At 30 June 2019	**860.2**	**258.2**	**1,118.4**

Additions during the period include a non-cash increase of US$28.5m for decommissioning estimates and US$39.9m of development activity spend funded through cash and working capital.

Impairment review

Impairment reviews on the Group's development/producing assets are conducted at each reporting date. The Group's development/producing assets were reviewed for indicators of impairment at 30 June 2019 and no indicators of impairment were identified. There have been no significant changes in market conditions or management's estimates and assumptions used in impairment testing at the December 2018 year end. Asset performance in 2019 has remained in line with or exceeded management's expectation.

Section 2 – Oil and Gas Assets and Operations (continued)

2.4 Decommissioning Provisions

	Exploration well abandonment US$m	Development/ Producing assets US$m	**Total US$m**
At 1 January 2018	4.2	116.9	121.1
Foreign exchange	(0.1)	(2.7)	(2.8)
Unwinding of discount	-	1.2	1.2
Provided in the period	-	1.5	1.5
At 30 June 2018	4.1	116.9	121.0
Foreign exchange	(0.1)	(4.0)	(4.1)
Unwinding of discount	-	1.1	1.1
(Released)/Provided in the period	(2.7)	3.8	1.1
At 31 December 2018	1.3	117.8	**119.1**
Foreign exchange	-	(0.4)	**(0.4)**
Unwinding of discount	-	1.2	**1.2**
Provided in the period	-	28.5	**28.5**
At 30 June 2019	**1.3**	**147.1**	**148.4**

At 30 June 2019, the decommissioning estimate for the Kraken producing asset has increased by US$24.7m. This reflects the conclusion of final development drilling during the period and an internal review of the latest cost estimates received from the operator. A decommissioning provision of US$3.8m was recognised for work performed on the Nova development project. The Catcher decommissioning estimate remained unchanged.

The decommissioning of the Group's development/producing assets is forecast to occur between 2026 and 2040.

2.5 Capital and Lease Commitments

	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Oil and gas expenditure:			
Intangible exploration/appraisal assets	**194.4**	178.7	146.1
Property, plant & equipment – development/producing assets	**40.0**	51.0	80.1
Contracted for	**234.4**	229.7	226.2

Capital commitments represent Cairn's share of obligations in relation to its interests in joint operations. These commitments include Cairn's share of the capital commitments of the joint operations themselves.

The capital commitments for intangible exploration/appraisal assets as at 30 June 2019 include US$86.8m relating to operations in LATAM, predominantly Mexico. The remaining US$107.6m includes commitments in Senegal of US$43.3m, UK & Norway commitments of US$48.7m and East Atlantic commitments of US$15.6m.

As at 30 June 2019, Cairn had the following commitments relating to short-term leases and leases yet to commence. These amounts are also included in the total of capital commitments shown above.

	Exploration/ Appraisal assets US$m	Development/ Producing assets US$m	**Total US$m**
Lease commitments	19.7	9.7	**29.4**

Section 3 – Working Capital, Financial Instruments and Long-Term Liabilities

3.1 Loans and Borrowings

Cairn has two loan facilities at 30 June 2019, the Reserve-Based Lending ('RBL') facility available to several Group companies and the Norwegian Exploration Finance Facility ('EFF').

Reconciliation of opening and closing liability to cash flow movements:	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Opening liabilities	**101.7**	29.8	29.8
Loans advances disclosed in the Cash Flow Statement			
RBL advances in the period	**20.0**	65.0	85.0
EFF advances in the period	**12.9**	29.4	32.4
	32.9	94.4	117.4
Loan repayments disclosed in the Cash Flow Statement			
RBL repayments in the period	**(45.0)**	-	-
EFF repayments in the period	**-**	-	(31.2)
	(45.0)	-	(31.2)
Debt arrangement fees paid	**-**	(2.4)	(10.4)
Non-cash movements			
Amortisation of debt arrangement fees	**0.5**	-	-
Foreign exchange	**0.3**	(0.6)	(3.9)
	0.8	(0.6)	(3.9)
Closing liabilities	**90.4**	121.2	101.7
Amounts due less than one year:			
RBL facility	**-**	62.6	-
EFF	**31.5**	30.3	26.2
	31.5	92.9	26.2
Amounts due greater than one year:			
RBL facility	**50.8**	-	75.5
EFF	**8.1**	28.3	-
	58.9	28.3	75.5
	90.4	121.2	101.7

RBL
The Group's RBL facility had cash drawings of US$60.0m at 30 June 2019.

Cairn signed an extension to its existing RBL facility with a syndicate of international banks in 2018, with a revised final maturity date of 20 December 2025. Under IFRS 9, the extension of the facility to December 2025 constitutes substantially different terms from the original and as such the financial liability relating to the original facility was extinguished on the date of the extension and replaced with a new liability based on the revised terms. The classification of amounts due in current and prior periods of less than and greater than one year reflects the impact of the extension to the facility. The maximum currently available to draw under the facility is US$488.0m.

EFF
As at 30 June 2019, US$40.3m (NOK 343.8m) was drawn under the Norwegian EFF. The maximum available amount is currently forecast to be US$60.0m (NOK 480.0m).

Interest on outstanding debt is charged at the appropriate NIBOR plus an applicable margin. Debt is repayable by the final maturity date, which is the earlier of 31 December 2022 or the date of receipt of the tax refund relating to exploration spend for 2021.

Section 3 – Working Capital, Financial Instruments and Long-Term Liabilities (continued)

3.2 Lease Liabilities

Reconciliation of opening and closing liability to cash flow movements:	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Opening liability brought forward	**165.4**	169.7	169.7
IFRS 16 opening balance adjustment (note 1.3)	**157.5**	-	-
Revised opening liabilities	**322.9**	169.7	169.7
Leases commenced and revisions to leases in period:			
Liabilities recognised on commencement of leases	**-**	-	-
Revisions to lease liabilities	**0.4**	-	(11.5)
	0.4	-	(11.5)
Lease payments disclosed in the Cash Flow Statement as financing cash flows:			
Total lease payments	**(40.1)**	(17.4)	(30.1)
Variable lease payments	**10.1**	17.4	22.7
	(30.0)	-	(7.4)
Lease reimbursements disclosed in the Cash Flow Statement as financing cash flows:			
Reimbursements received from lessors	**5.1**	2.8	4.7
Other non-cash lease movements			
Reimbursements due transferred to other receivables	**(3.0)**	(1.4)	2.1
Lease interest charges	**7.9**	3.8	7.8
Foreign exchange	**0.1**	-	-
	5.0	2.4	9.9
Closing liabilities	**303.4**	174.9	165.4
Amounts due less than one year:			
Tangible development/producing assets - right-of-use assets	**51.7**	5.1	18.5
Other property, plant & equipment - right-of-use assets	**1.9**	-	-
	53.6	5.1	18.5
Amounts due greater than one year:			
Tangible development/producing assets - right-of-use assets	**242.8**	169.8	146.9
Other property, plant & equipment - right-of-use assets	**7.0**	-	-
	249.8	169.8	146.9
Total lease liabilities	**303.4**	174.9	165.4

Comparative information has not been restated on adoption of IFRS 16.

Variable lease costs are disclosed in note 2.1. Amortisation charges on right-of-use assets relating to tangible development/producing assets are disclosed in note 2.3. Depreciation charges on other right-of-use assets are disclosed in note 4.1. Costs relating to short-term leases and leases of low value assets, relating to exploration and development activities are disclosed in notes 2.2 and 2.3 where material. There are no further material short-term leases or charges for leases of low-value assets.

The carrying value of right-of-use development/producing assets at 30 June 2019 is US$258.2m (see note 2.3) and the carrying value of right-of-use assets included in other property, plant & equipment is US$8.6m.

Section 3 – Working Capital, Financial Instruments and Long-Term Liabilities (continued)

3.3 Trade and Other Receivables

	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Trade receivables	**59.1**	55.5	39.0
Other receivables	**12.2**	12.6	12.7
Accrued income – underlift	**5.9**	-	0.1
Prepayments	**7.4**	5.2	4.4
Joint operation receivables	**43.4**	57.2	35.0
	128.0	130.5	91.2

Joint operation receivables include Cairn's working interest share of the receivables relating to joint operations and amounts recoverable from partners in joint operations.

3.4 Derivative Financial Instruments

Carrying amount and fair value	**30 June 2019 US$m**	30 June 2018 US$m	31 December 2018 US$m
Non-current assets			
Financial assets – hedge options maturing after one year	**2.6**	-	7.7
Current assets			
Financial assets – hedge options maturing within one year	**13.8**	1.8	36.7
Current liabilities			
Financial liabilities – hedge options maturing within one year	**-**	(14.6)	-
	16.4	(12.8)	44.4

Cairn continues to hedge commodity prices to protect debt capacity and support committed capital programmes. The Group has entered into a number of hedge options using collar structures which have been designated as hedges for hedge accounting. Hedge effectiveness is assessed at commencement of the option and prospectively thereafter. Hedge options are held at fair value determined by models which have observable inputs and are level 2 financial instruments.

Effects of hedge accounting on financial position and profit/(loss) for the period:	**30 June 2019**	30 June 2018	31 December 2018
Volume of production hedged	**3.4 mmbls**	2.8 mmbls	3.2 mmbls
Weighted average floor price of options	**US$64.53**	US$61.59	US$67.14
Weighted average ceiling price of options	**US$78.83**	US$76.06	US$83.81
Maturity dates	**Jul 2019 – Dec 2020**	Jul 2018 – Jun 2019	Jan 2019 - Mar 2020
	US$m	US$m	US$m
Financial assets	**16.4**	1.8	44.4
Financial liabilities	**-**	(14.6)	-
Hedge reserve	**12.8**	(16.3)	41.0
Hedging (loss)/gain recorded in Other Comprehensive Income	**(25.3)**	(15.6)	36.1
Hedging (gain)/loss recycled to the Income Statement	**(2.9)**	2.2	7.8
Hedging gain/(loss) recorded in the Income Statement included within revenue (see note 2.1)	**2.9**	(2.2)	(7.8)

Section 3 – Working Capital, Financial Instruments and Long-Term Liabilities (continued)

3.5 Trade and Other Payables

	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Trade payables	**9.6**	18.3	9.7
Deferred income – overlift	**-**	7.9	-
Other taxation and social security	**1.9**	2.5	1.4
Accruals and other payables	**19.7**	29.6	30.9
Joint operation payables	**74.5**	95.4	61.1
	105.7	153.7	103.1

Joint operation payables include Cairn's share of the trade and other payables of joint operations in which the Group participates. Where Cairn is operator of the joint operation, joint operation payables also include amounts that Cairn will settle to third parties on behalf of joint operation partners. The amount to be recovered from partners for their share of such liabilities are included within joint operation receivables.

3.6 Deferred Revenue

	30 June 2019 US$m	30 June 2018 US$m	31 December 2018 US$m
Opening deferred revenue	**52.8**	74.0	74.0
Released during the period (note 2.1)	**(9.7)**	(9.6)	(21.2)
Closing deferred revenue	**43.1**	64.4	52.8
Amounts expected to be released within one year	**17.7**	21.5	22.0
Amounts expected to be released after one year	**25.4**	42.9	30.8
	43.1	64.4	52.8

Deferred revenue relates to the stream agreement with FlowStream entered into in 2017.

Section 4 – Income Statement Analysis

4.1 Segmental Analysis

Operating segments

The Group's portfolio of exploration and development/producing assets are managed through regional business units. Each business unit is headed by a regional director (a regional director may be responsible for more than one business unit) and the Board monitors the results of each segment separately for the purposes of making decisions about resource allocation and performance assessment.

In 2019, Cairn's business units have been revised to reflect changes in the portfolio of assets now held and therefore the Group's segmental analysis has been updated to align with the updated management structure and Board reporting. The International segment has been split into two separate units; 'East Atlantic' includes the Group's exploration assets in Ireland, Mauritania, and Cote D'Ivoire and 'LATAM' includes the Group's growing portfolio of Latin American assets in Mexico, Nicaragua and Suriname.

Remaining segments are unchanged. The Senegal business unit and segment is focussed on the development of the SNE discoveries, with approval of the development plan expected this year. The UK & Norway segment includes ongoing exploration programmes in the North Sea, Norwegian Sea and Barents Sea, the Norwegian Nova development project and UK Catcher and Kraken producing fields. The 'Other Cairn Energy Group' segment captures costs associated with the Group's head office and other corporate assets not allocable to a geographic segment.

The segment results for the six months ended 30 June 2019 are as follows:

	Senegal US$m	UK & Norway US$m	LATAM US$m	East Atlantic US$m	Other Cairn Energy Group US$m	Group adj for segments US$m	**Total US$m**
Revenue	-	269.7	-	-	0.6	-	**270.3**
Cost of sales	-	(33.8)	-	-	-	-	**(33.8)**
Depletion and amortisation charges	-	(122.6)	-	-	-	-	**(122.6)**
Gross profit	**-**	**113.3**	**-**	**-**	**0.6**	**-**	**113.9**
Pre-award costs	-	(2.2)	(3.2)	(1.4)	(4.0)	-	**(10.8)**
Unsuccessful exploration costs	-	(24.6)	-	(0.6)	-	-	**(25.2)**
Depreciation – Purchased assets	-	(0.3)	-	-	(0.1)	-	**(0.4)**
Depreciation – Right-of-use assets	-	(0.2)	(0.1)	-	(0.9)	-	**(1.2)**
Amortisation of other intangible assets	-	(0.2)	-	-	(0.8)	-	**(1.0)**
Other administrative expenses/income	(0.1)	(0.2)	0.2	(0.2)	(14.7)	-	**(15.0)**
Operating (loss)/profit	**(0.1)**	**85.6**	**(3.1)**	**(2.2)**	**(19.9)**	**-**	**60.3**
Loss on fair value of financial assets	-	-	-	-	(1.0)	-	**(1.0)**
Interest income	-	0.4	-	-	1.8	-	**2.2**
Finance costs	-	(15.6)	(0.1)	-	(2.4)	-	**(18.1)**
(Loss)/Profit before taxation	**(0.1)**	**70.4**	**(3.2)**	**(2.2)**	**(21.5)**	**-**	**43.4**
Tax credit/(charge)	-	23.4	(0.3)	-	-	-	**23.1**
(Loss)/Profit for the period	**(0.1)**	**93.8**	**(3.5)**	**(2.2)**	**(21.5)**	**-**	**66.5**
Capital expenditure	**21.5**	**90.3**	**37.2**	**11.2**	**0.3**	**-**	**160.5**
Total assets	**488.2**	**1,787.8**	**84.9**	**36.2**	**87.1**	**(295.4)**	**2,188.8**
Total liabilities	**10.1**	**723.3**	**13.1**	**2.5**	**297.8**	**(295.4)**	**751.4**
Non-current assets	**484.5**	**1,323.9**	**70.4**	**32.8**	**12.4**	**-**	**1,924.0**

Section 4 – Income Statement Analysis (continued)

4.1 Segmental Analysis (continued)

All transactions between the segments are carried out on an arm's length basis, other than where inter-group loans are made interest-free or at interest rates below market value.

The segment results for the six months ended 30 June 2018 were as follows:

	Senegal US$m	UK & Norway US$m	LATAM* (restated) US$m	East Atlantic* (restated) US$m	Other Cairn Energy Group US$m	Group adj for segments US$m	Total US$m
Revenue	-	181.7	-	-	0.7	-	182.4
Cost of sales	-	(78.0)	-	-	-	-	(78.0)
Depletion and amortisation charges	-	(65.7)	-	-	-	-	(65.7)
Gross profit	-	38.0	-	-	0.7	-	38.7
Pre-award costs	-	(2.1)	(0.7)	-	(9.2)	-	(12.0)
Unsuccessful exploration costs	-	(45.9)	-	(0.9)	-	-	(46.8)
Other operating income	-	-	-	5.0	-	-	5.0
Loss on disposal of intangible exploration/appraisal assets	-	(4.5)	-	-	-	-	(4.5)
Depreciation	-	(0.4)	-	-	(0.3)	-	(0.7)
Amortisation of other intangible assets	-	-	-	-	(1.1)	-	(1.1)
Other administrative expenses	(0.1)	(0.5)	(0.2)	(0.2)	(12.1)	-	(13.1)
Operating (loss)/profit	(0.1)	(15.4)	(0.9)	3.9	(22.0)	-	(34.5)
Loss on derecognition of financial assets	-	-	-	-	(230.8)	-	(230.8)
Loss on fair value of financial asset	-	-	-	-	(319.4)	-	(319.4)
Interest income	-	-	-	-	0.6	-	0.6
Other finance income and costs	-	(19.2)	-	-	0.4	-	(18.8)
(Loss)/Profit before taxation	(0.1)	(34.6)	(0.9)	3.9	(571.2)	-	(602.9)
Tax credit	-	33.3	-	-	69.1	-	102.4
(Loss)/Profit for the period	(0.1)	(1.3)	(0.9)	3.9	(502.1)	-	(500.5)
Capital expenditure	12.1	54.2	6.0	1.8	0.2	-	74.3
Total assets	456.0	1,692.4	24.0	29.4	613.4	(94.1)	2,721.1
Total liabilities	13.7	660.7	3.1	23.4	133.3	(94.1)	740.1
Non-current assets	446.6	1,437.4	19.1	10.6	7.1	-	1,920.7

* Previously combined as 'International'

Section 4 – Income Statement Analysis (continued)

4.1 Segmental Analysis (continued)

The segment results for the year ended 31 December 2018 were as follows:

	Senegal US$m	UK & Norway US$m	LATAM* (restated) US$m	East Atlantic* (restated) US$m	Other Cairn Energy Group US$m	Group adj for segments US$m	Total US$m
Revenue	-	409.1	-	-	1.2	-	410.3
Cost of sales	-	(131.4)	-	-	-	-	(131.4)
Depletion and amortisation charges	-	(171.2)	-	-	-	-	(171.2)
Gross profit	-	106.5	-	-	1.2	-	107.7
Pre-award costs	-	(6.8)	(5.2)	(6.2)	(7.2)	-	(25.4)
Unsuccessful exploration costs	-	(62.6)	-	14.4	-	-	(48.2)
Other operating income	-	-	-	5.0	-	-	5.0
Loss on disposal of intangible exploration/appraisal assets	-	(4.5)	-	-	-	-	(4.5)
Depreciation	-	(0.4)	-	-	(0.6)	-	(1.0)
Amortisation of other intangible assets	-	(0.4)	-	-	(2.3)	-	(2.7)
Other administrative expenses	-	(1.7)	(0.3)	(0.3)	(44.4)	-	(46.7)
Impairment of property, plant & equipment – development/producing assets	-	(166.3)	-	-	-	-	(166.3)
Operating (loss)/profit	-	(136.2)	(5.5)	12.9	(53.3)	-	(182.1)
Loss on derecognition of financial assets	-	-	-	-	(713.1)	-	(713.1)
Loss on fair value of financial assets	-	-	-	-	(352.2)	-	(352.2)
Interest income	0.1	0.1	-	-	1.5	-	1.7
Other finance income and costs	-	(21.9)	-	-	1.6	-	(20.3)
Profit/(Loss) before taxation	0.1	(158.0)	(5.5)	12.9	(1,115.5)	-	(1,266.0)
Tax credit	-	41.1	-	-	89.4	-	130.5
Profit/(Loss) for the year	0.1	(116.9)	(5.5)	12.9	(1,026.1)	-	(1,135.5)
Capital expenditure	28.5	147.7	19.7	(1.9)	0.8	-	194.8
Total assets	470.5	1,532.7	42.0	40.4	82.2	(166.3)	2,001.5
Total liabilities	16.9	585.6	2.4	2.2	170.6	(166.3)	611.4
Non-current assets	463.0	1,235.7	32.7	22.2	5.8	-	1,759.4

* Previously combined as ‘International’

Section 4 – Income Statement Analysis (continued)

4.2 Earnings per Ordinary Share

Basic and diluted earnings per share are calculated using the following measures of profit/(loss):

	Six months ended 30 June 2019 US$m	Six months ended 30 June 2018 US$m	Year ended 31 December 2018 US$m
Profit/(Loss) and diluted profit/(loss) attributable to equity holders of the Parent	**66.5**	(500.5)	(1,135.5)

The following reflects the share data used in the basic and diluted earnings per share computations:

	Six months ended 30 June 2019 '000	Six months ended 30 June 2018 '000	Year ended 31 December 2018 '000
Weighted average number of shares	**589,511**	586,547	588,032
Less weighted average shares held by the ESOP and SIP Trusts	**(8,296)**	(5,838)	(7,502)
Basic weighted average number of shares	**581,215**	580,709	580,530
Potential dilutive effect of shares issuable under employee share plans:			
LTIP awards	**3,138**	-	-
Approved and unapproved plans	**40**	-	-
Employee share awards	**1,188**	-	-
Diluted weighted average number of shares	**585,581**	580,709	580,530
Potentially issuable shares not included above:			
LTIP awards	**24,145**	28,019	27,337
Approved and unapproved plans	**2,816**	3,393	3,341
Employee share awards	**3,483**	4,141	4,174
Number of potentially issuable shares	**30,444**	35,553	34,852

2018 potentially issuable shares were all anti-dilutive due to the loss for the period.

Section 5 – Taxation

5.1 Tax Credit on Profit/(Loss) for the Period

Analysis of tax credit on profit/(loss) for the period

	Six months ended 30 June 2019 US$m	Six months ended 30 June 2018 US$m	Year ended 31 December 2018 US$m
Current tax credit:			
Norwegian tax refunds receivable	**(13.7)**	(24.4)	(35.5)
Mexican corporation tax payable	**0.3**	-	-
	(13.4)	(24.4)	(35.5)
Deferred tax credit:			
Norwegian deferred tax credit	**(9.7)**	(8.9)	(5.6)
Deferred tax on valuation of financial assets at fair value through profit or loss	**-**	(69.1)	(89.4)
Total deferred tax credit	**(9.7)**	(78.0)	(95.0)
Total tax credit on profit/(loss)	**(23.1)**	(102.4)	(130.5)

5.2 Income Tax Asset

The income tax asset of US$46.9m (30 June 2018: US$62.2m; 31 December 2018: US$32.8m) mainly comprises cash tax refunds due from the Norwegian authorities on the tax value of exploration and other qualifying expenses incurred in Norway.

Section 5 – Taxation (continued)

5.3 Deferred Tax Assets and Liabilities

Reconciliation of movement in deferred tax assets/(liabilities):

	Temporary difference in respect of non-current assets US$m	Losses US$m	Other temporary differences US$m	**Total US$m**
Deferred tax assets				
At 1 January 2018	(349.0)	349.0	-	-
Deferred tax credit through the Income Statement	21.5	(21.5)	-	-
At 30 June 2018	(327.5)	327.5	-	-
Deferred tax credit through the Income Statement	84.4	(84.4)	-	-
At 31 December 2018	(243.1)	243.1	-	-
Deferred tax credit through the Income Statement	32.9	32.9	-	-
At 30 June 2019	**(276.0)**	**276.0**	-	-
Deferred tax liabilities				
At 1 January 2018	(179.9)	15.3	0.2	(164.4)
Foreign exchange	(1.1)	-	-	(1.1)
Deferred tax credit through the Income Statement	75.9	1.8	0.3	78.0
At 30 June 2018	(105.1)	17.1	0.5	(87.5)
Foreign exchange	6.2	(1.9)	(0.3)	4.0
Deferred tax credit through the Income Statement	9.1	6.7	1.2	17.0
At 31 December 2018	(89.8)	21.9	1.4	**(66.5)**
Foreign exchange	(1.2)	0.3	0.1	**(0.8)**
Deferred tax (charge)/credit through the Income Statement	(0.1)	5.7	4.1	**9.7**
At 30 June 2019	**(91.1)**	**27.9**	**5.6**	**(57.6)**

Deferred tax liabilities analysed by country:	**30 June 2019 US$m**	30 June 2018 US$m	31 December 2018 US$m
India	**-**	(20.3)	-
Norway	**(57.6)**	(67.2)	(66.5)
Total deferred tax liabilities	**(57.6)**	(87.5)	(66.5)

5.4 Contingent Liability – Indian Tax Assessment

The formal hearings and submissions in respect of Cairn's claim under the UK-India Bilateral Investment Treaty concluded in 2018 and the arbitration panel is preparing its final award.

Whilst the panel had originally guided the parties that it expected to issue an award as expeditiously as possible, workload and the number of matters before the panel have meant that the timetable for issuing the award will be more protracted than originally anticipated and the award is therefore unlikely to be before late 2019.

Based on detailed legal advice, Cairn remains confident that it will be successful in this arbitration and accordingly no provision has been made for any of the tax or penalties assessed by the India Income Tax Department ('IITD').

The Group also has legal advice confirming that the maximum amount that could ultimately be recovered from Cairn by the IITD, in excess of the assets already seized, is limited to the value of CUHL's assets, including the remaining ordinary shares in Vedanta Limited.

Section 6 – Other Disclosures

6.1 Post Balance Sheet Events

Farm-out agreement for the sale of a 10% interest in the Nova development

On 6 August 2019, Cairn announced that it has entered into a farm-out agreement for the sale of a 10% interest in the Nova development offshore Norway.

From an economic effective date of 1 January 2019, ONE-Dyas Norge AS shall acquire 10% in the project by paying US$59.5m plus working capital adjustments to the date of completion. The transaction remains subject to written consent by the Norwegian Ministry of Petroleum and Energy, partner and third-party approvals.

Following this transaction Cairn will retain a participating interest of 10% interest in the Nova development.

The net book value of the Nova development asset cash-generating unit at 1 January 2019 was US$56.9m and Cairn expect to realise a profit after taxation of approximately US$31.0m on completion of the sale, subject to final working capital adjustments and exchange differences.

Glossary

AGM	Annual General Meeting
bbl	Barrel of oil
bn	Billion
boe	Barrels of Oil Equivalent
boepd	Barrels of Oil Equivalent Per Day
bopd	Barrels of Oil Per Day
CUHL	Cairn UK Holdings Limited
DC4	Drill Centre four
E&P	Exploration and Production
EFF	Exploration Finance Facility
EITI	Extractive Industries Transparency Initiative
ESG	Environmental and Social Governance
ESIA	Environmental and Social Impact Assessment
ESOP	Employee Share Option Plan
FEED	Front-End Engineering Design
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading facility
IFC	International Finance Corporation
IFRS	International Finance Reporting Standards
IOC	International Oil Company
JV	Joint Venture
LATAM	Latin America
m	Million
mmbbls	Million Barrels of Oil
mmboe	Million barrels of oil equivalent
NOK	Norwegian Krone
RBL	Reserves Based Lending (facility)
SIP	Share Incentive Plan
WI	Working Interest