EMBARGOED FOR RELEASE AT 0700 20 August 2013

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

Half-Yearly Report Announcement

"Exploration programme offering material growth potential"

Simon Thomson, Chief Executive, Cairn Energy PLC said:

"Cairn commences a 12 month multi-well high impact frontier exploration programme in September that will offer shareholders sustained exposure to material growth potential. The drilling programme targets a combined gross un-risked resource of >4 billion boe, across a variety of plays and countries with follow on potential.

The programme will be delivered against a backdrop of balance sheet strength and an established North Sea exploration, appraisal and development position."

Frontier exploration

- Frontier exploration drilling programme, commencing September 2013 with two rigs contracted
- Exploration programme target, subject to necessary approvals, increased to >4.0 billion (bn) barrels of oil equivalent (boe) of mean un-risked gross prospective resource and comprises:
    - Two operated exploration wells offshore Morocco (Q3 2013/H1 2014)
    - Two proposed operated exploration wells offshore Senegal (H1 2014)
    - One operated appraisal well offshore west of Ireland (H1 2014)
    - Joint Venture decision in H2 2013 on an operated exploration well offshore Greenland (H2 2014)
- Senegal farm out of 25% interest in three offshore blocks to ConocoPhillips, subject to necessary regulatory approvals (Cairn Operator: 40% Working Interest (WI))
- Mauritania farm in to offshore block C19, subject to Government approval (Cairn: 35% WI)

Mature basin exploration and development

- UK and Norway acreage swaps and portfolio rationalisation
    - Divestment of Cairn's 6% WI in the Mariner Field and surrounding acreage in UK North Sea
    - Acquisition of 20% interest in two licences, PL378/378B, close to the Skarfjell discovery
- Second Skarfjell appraisal well Q3 2013
- Kraken and Catcher field development plans (FDPs) on track

Funding

- Group net cash at 30 June 2013 of US$1.5bn
- ~10% residual shareholding in Cairn India Limited (CIL) valued at US$1bn 30 June 2013

Enquiries:

Analysts/Investors David Nisbet, Corporate Affairs	**Tel: 0131 475 3000**
Media Patrick Handley, David Litterick **Brunswick Group LLP**	**Tel: 0207 404 5959**

Webcast

There will be a live audio webcast of the results presentation available to view on the website (www.cairnenergy.com) at 9am. 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 8:45am.

Conference call

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

Dial-in details:

UK:	0203 059 8125
All other locations:	+44 203 059 8125

A recording of the conference call will be available from 20 August 2013 until 27 August 2013.

Recording dial-in details:

UK:	0121 260 4861
All other locations:	+44 121 260 4861
Passcode:	358 0795#

Transcript

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

Corporate Overview

Cairn's growth strategy is focussed on material frontier exploration in the new and emerging plays along the North Atlantic margin, supplemented and balanced by a more mature North Sea portfolio. Our current prospect and lead inventory comprises 62 prospects and 144 leads identified in both the frontier basins (Morocco, Senegal, Greenland, Ireland, Mauritania and Spain) and the more mature UK and Norwegian North Sea and Norwegian Continental Shelf.

In line with the strategy of balancing material frontier exploration with financial commitments, Cairn is pleased to be joined in Senegal by ConocoPhillips. This transaction also reflects our objective to work with significant industry partners in frontier acreage, a further example of which is in the partnership with Statoil ASA in the Pitu block in Greenland. Cairn remains the exploration Operator in Senegal but ConocoPhillips, similar to the arrangement with Statoil in Greenland, have the option to become the development Operator in the event of finding commercial volumes of hydrocarbons.

Cairn has been active rebuilding and repositioning the business with interests acquired in Senegal, Republic of Ireland and Mauritania as well as contracting two rigs for the 2013/14 exploration programme. With these building blocks in place, Cairn is now ready to embark on a busy operational period with a programme of operated high impact wells over the next 12 months set against a backdrop of non-operated North Sea activity. The Kraken and Catcher development projects are on track. In accordance with International Financial Reporting Standards Cairn has reclassified its interests in the Mariner field (a non core asset) to assets held-for-sale and has today announced the agreement to sell this asset.

The planned operated exploration and appraisal and potential high impact drilling programme, following the addition of the Senegal acreage, will target >4.0 billion boe of mean un-risked gross prospective resource within a total "Yet to Find" potential in excess of 10 billion boe. Subject to receiving all required approvals and authorisations, drilling operations are planned to commence in September with two wells offshore Morocco, followed by two offshore wells in Senegal, one off the west coast of Ireland and a well planned in Greenland for H2 2014.

In the North Sea, the Bonneville exploration well and its side track on the Catcher licence in the UK North Sea discovered oil in excellent quality reservoirs. Following initial appraisal a further Skarfjell appraisal well will be drilled in H2 2013 in Norway, with Cairn's current gross resource range for that discovery between 83 million barrels of oil (mmbbls) (98 mmboe) and 163 mmbbls (192 mmboe). Elsewhere in the North Sea drilling operations concluded on the Frode and Timon wells, where no hydrocarbons were encountered and the wells were plugged and abandoned. Cairn has entered into a number of North Sea asset exchanges to further optimise the North Sea exploration portfolio.

The Company uses its financial strength, plus the commercial and technical skills of its people, to build strategic positions which provide exploration drilling opportunities over the longer term. Cairn offers shareholders continued exposure to material organic growth potential through drilling success sustained initially from the Company's balance sheet strength and, over time, from the free cash flow from the Kraken and Catcher developments.

The Company remains in a strong position financially with Group net cash at 30 June 2013 of US$1.5 bn and an ~10% residual shareholding in CIL valued at US$1bn at 30 June 2013. There was a reduction in the value of our stake in Cairn India at the balance sheet date; however there has been a recovery in the share price since that time.

Operational Review

Cairn's exploration focus includes the frontier basins along the Atlantic Margin and in the Mediterranean, as well as new plays within the more mature UK and Norwegian North Sea and Norwegian Continental Shelf. Cairn's organisational structure combines country based operating segments into three regional units: the Mediterranean and North Africa (Atlantic Margin); the North Atlantic Margin; and the UK and Norway.

Frontier Exploration: Atlantic Margin

Exploration drilling operations are due to commence in September 2013 using the 'Cajun Express,' a 5th generation, semi-submersible drilling unit. As with all its operations, Cairn is focused on safety and is working with the various authorities and other stakeholders to ensure that it understands the communities where it operates and to provide assurance that it will operate safely and efficiently with due care and respect for the environment.

Morocco

The first well in the exploration programme targets a slope fan prospect (A) on the Foum Draa block offshore Morocco (Cairn 50% WI, Operator). The primary target for the 'A' prospect is a Late Jurassic / Early Cretaceous deep-water turbidite fan which will be the oldest objectives penetrated by any deep water well along this margin. The gross mean unrisked prospective resource of the 3D seismic defined 'A' prospect is estimated to be approximately 142mmbbls. A number of potential follow-up exploration prospects have also been mapped on the block.

The second well in the sequence is planned, subject to the necessary approvals, on the Juby Maritime III block (Cairn 37.5% WI, Operator) targeting a Middle Jurassic carbonate prospect some 1,000 metres (m) below the 1969 Cap Juby heavy oil discovery in the Upper Jurassic. The prospect is defined by 3D seismic but, complexities with the velocity model and the variable nature of carbonate reservoirs mean there is a wide volumetric range.

A second and newly acquired 3D seismic survey (680km^2) over a separate carbonate prospect in Juby Maritime II is currently being processed and final migrated data is scheduled to be ready for interpretation in September 2013.

Senegal

In March, Cairn farmed into three blocks – Rufisque, Sangomar and Sangomar Deep - offshore Senegal held by FAR Limited (FAR) and Petrosen, the Senegal National Oil Company. In July, Cairn announced that, subject to Government of Senegal approval, ConocoPhillips will farm in to Cairn's interests in the three contiguous blocks. In a separate transaction, ConocoPhillips also farmed in to some of FAR's interest in the blocks. Following these transactions, the WI across these three blocks will be: Cairn (Operator) 40% WI, ConocoPhillips 35% WI; FAR Ltd 15% WI with Petrosen, the Senegal National Oil Company, retaining a 10% WI in the exploration phase. In the event of a commercial success, ConocoPhillips will have the option to operate the future development of the resource.

The three blocks cover an area of >7,000km^2 from near shore to deep water exploration over the shelf, slope and basin floor of the Senegalese portion of the productive Mauritania-Senegal-Guinea-Bissau Basin. The acreage is covered by a 2,050km^2 3D seismic survey and a number of play types, leads and prospects have been identified.

Cairn estimates the block-wide yet to find resource is currently more than 3 billion barrels (bn bbls).

Subject to the necessary approvals, the proposed two well exploration programme offshore Senegal is targeting to commence in Q1 2014 after operations are completed in Morocco.

One exploration well will be located on the North Fan prospect in 1,500metres (m) water depth. It will target multiple stacked structural and stratigraphic closures interpreted as trapping a variety of potential clastic and carbonate reservoirs, the two largest of which Cairn currently estimates to have gross mean unrisked prospective resource of 282mmbbls and 535mmbbls respectively.

The other exploration well is planned to be drilled on a shelf edge prospect in 1,100m of water. This dual objective prospect targets Cretaceous clastics and deeper karstified and fractured Lower Cretaceous shelf carbonates. The prospect is estimated by Cairn to have two targets with a gross mean unrisked prospective resource of 182mmbbls and 256mmbbls respectively.

Greenland

Cairn is proposing to drill the Pitu prospect, which is covered by 3D seismic, after Senegal and commencing in H2 2014. A joint venture drilling decision will be taken on the proposed well in H2 2013.

A joint Social Baseline Study in Baffin Bay between the operators Maersk Oil, Shell, ConocoPhillips and Cairn has been completed. The information gathered is providing Cairn with valuable knowledge prior to commencing its initial public consultation meetings with communities and stakeholders relevant to the proposed 2014 exploration drilling campaign on the Pitu block.

Cairn estimates the gross mean un-risked prospective resource of the Pitu prospect to be 3.15bn boe.

Ireland

In H1 2013, Cairn farmed in as Operator with a 38% WI to two exploration licences (FEL 2/04 and FEL 4/08) and one licensing option (LO 11/2) totalling 2,753km^2 in the Porcupine Basin offshore west of Ireland.

Cairn and its JV partners Chrysaor (26% WI), Providence Resources (32% WI) and SOSINA Exploration Ltd (SOSINA) (4% WI) have also secured a drilling rig, the Blackford Dolphin, for the planned Spanish Point appraisal well located in licence FEL 2/04 in a water depth of ~460m.

The 1981 Spanish Point discovery well, drilled by Phillips, intersected a bounding fault but encountered a relatively modest quantity of gas and condensate in tight and partially cut out reservoirs on the upthrown side of the fault.

Cairn estimates the gross 2C contingent resource of the Spanish Point field to be 410 Bcf of gas and 32 mbbls of condensate, estimates which are independently corroborated by third parties. Subsequent 3D seismic has highlighted the potential for a significant closure and a thicker potential reservoir section.

The Blackford Dolphin rig will be mobilised to begin operations on the Spanish Point appraisal/exploration well in Q2 2014, subject to obtaining the necessary approvals.

Mauritania

Cairn farmed in as non-operator (35% WI) to block C19, offshore Mauritania, West Africa in August 2013. This acreage, once the new 3,500km^2 3D seismic is interpreted and mapped, is expected to provide material prospects suitable for future exploration drilling campaigns.

The block, which is currently operated by Chariot Oil & Gas (Chariot: 90%) and the National Oil Company, "Societe Mauritanienne des Hydrocarbures" (SMH) (10%) comprises 12,175km^2 in water depths ranging from shallow shelf to over 2,000m. The block lies just to the north of existing discoveries in Mauritania and contains the Tertiary and Cretaceous deep water fan plays proven further south along the West African margin. The two wells previously drilled in the shallow water areas of the block both encountered reservoir intervals with oil shows and point to the oil migration potential from the south.

Under the terms of the farm in agreement, which is subject to Government of Mauritania approval, Cairn will pay Chariot approximately US$26m for seismic and other back costs. Thereafter, exploration costs will be apportioned Cairn 38.89% (WI 35%), Chariot 61.11% (WI 55%) and SMH 0% (WI 10%).

If, before the end of the first phase of the licence (15 June 2015), Cairn were to increase its interest to greater than 50%, then Chariot will support Cairn's application for operatorship of the block.

Frontier Exploration: Mediterranean

Cairn holds licences covering approximately 3,175km^2 in the Valencia Basin, offshore Spain, and is maturing its exploration programme. The authorisation to acquire 3D seismic is progressing. Applications for further acreage offshore Spain (in the Gulf of Lion off the Catalonian coast) have been submitted and are under review by the Ministry of Industry, Energy and Tourism.

In July, Mediterranean Oil & Gas Plc (MOG) acquired a 40% WI in the Exploration Study Agreement ("ESA") from Cairn (Operator; 60% WI) relating to offshore Malta Area 3 - Blocks 1, 2 and 3.

We continue to look at other opportunities in the Mediterranean.

Mature basin exploration and development: UK & Norwegian North Sea and Norwegian Continental Shelf

Asset exchanges

As part of a continuing growth and asset rationalisation programme to realise and create value Cairn has recently agreed a series of North Sea asset exchanges.

A. Cairn and Statoil have executed two transactions:

   i. Firstly, Cairn (via its wholly owned subsidiary Capricorn Norge AS) has farmed in to Statoil's operated production licence PL159C in the Norwegian North Sea (on a promoted basis) to achieve an 18% share of the licence. Prior to the transaction, Statoil held a 60% interest and E.ON E&P Norge a 40% interest. An exploration well on the Klara Prospect has been operating during the summer. Further analysis and evaluation will be carried out to evaluate the commerciality of the discovery.

   ii. Secondly, Statoil has acquired 10% of Cairn's existing 30% interest in licences P2040 and P2086 on the UK Continental Shelf. The licences are located in an area south of the Catcher development.

B. In a transaction with TAQA Bratani Limited (a wholly owned subsidiary of TAQA) Cairn (via its wholly owned subsidiary Agora Oil & Gas (UK) Limited) has transferred its entire interest of 20% in the Cladhan South Licence P1680 in the UK North Sea. In return, TAQA is transferring to Cairn a 15% interest in licences P2040 and P2086, taking Cairn's total interest in both licences to 35% following the concurrent transaction on these licences with Statoil.

C. Cairn has agreed a transaction to dispose of Mariner, details as follows. The disposal is structured as a put and call option agreement with Dyas UK Limited (Dyas) in connection with the sale to Dyas of a 6% interest in Licence P335 (Block 9/11a) and a 6% interest in Licence P1758 (Blocks 8/15a and 9/11d) (Mariner West) and an 80% interest in Licence P979 (Block 9/11c) (Mermaid). The options are exercisable upon the completion of an internal reorganisation to transfer the relevant interests into the designated disposal company.

   The consideration for the sale consists of an initial cash payment to Cairn of US$43m together with an amount equal to Cairn's expenditure on the licence interests since 31 December 2012. In addition, deferred consideration of US$2.77m is payable in cash upon first oil on Licence P335. Cairn currently intends to use the proceeds for internal group purposes.

D. In a transaction with Premier Oil, Cairn (via its wholly owned subsidiary Capricorn Norge AS) has acquired a 20% interest in the PL378/PL378B licences. The licences are located on the Norwegian North Sea, immediately south-southeast of the existing PL418 Skarfjell licence (Cairn 20%). This investment will strengthen Cairn's position in an area where the Company now has a share of two existing commercial discoveries, Skarfjell and Grosbeak.

   All of these agreements are subject to approval by the respective regulators in each case: Norwegian Ministry of Petroleum and Energy and UK Department of Energy and Climate Change (DECC).

Exploration, appraisal and pre-development

Catcher Area (Cairn WI 30%)

The Bonneville exploration well (28/9a-6) and its side track (28/9a-6z) discovered oil in excellent quality reservoirs. The Bonneville discovery is located four kilometres south of the Burgman discovery on the Catcher licence in the UK Central North Sea. The Bonneville discovery is the seventh oil discovery on the Catcher licence, indicating the potential for further satellite developments. The estimated gross mean oil in place for the Bonneville discovery is approximately 25mmbbls.

The FDP for Catcher is expected to be submitted in H2 2013 by the operator, Premier Oil.

Skarfjell Area (Cairn WI 20%)

Following completion of the first appraisal well drilled downdip and designed to test reservoir extent, thickness and quality earlier this year a second Skarfjell appraisal well is to be drilled in Q3/Q4 2013. Cairn's current gross resource range is between 83mmbbls (98mmboe) and 163mmbbls (192mmboe).

The nearby Grosbeak field has already been appraised and is a potential satellite development to Skarfjell. Cairn also believes the PL378 acreage to be highly prospective with several leads already identified.

Kraken Area (Cairn WI 25%)

The FDP for Kraken (operator, EnQuest) has been submitted to DECC and is currently undergoing review.

The Kraken north appraisal well drilled in H1 2013 was successful in confirming a second accumulation of heavy oil to the north of the Kraken field. Further appraisal to the west of the Kraken field is being considered for 2014. Expenditure on the Kraken field is carried for up to US$240m, consisting of a US$150m firm carry and US$90m contingent carry. The value of the contingent carry is calculated by reference to the agreed 2P reserves determined during the development drilling phase. The operator's current estimate of gross reserves is 137mmboe. Cairn will transfer contingent resources to reserves once the Kraken FDP has been approved.

The 'K' Prospect, located in block 9/1a in the UK North Sea (Cairn 100%, Operator) to the west of Kraken is also under consideration for drilling in 2014. The current gross unrisked prospective resource range for the K complex is estimated to be 50-250mmbbls.

Other areas

The operator for PL 299 Frode, Talisman Energy Norge AS (operator WI 31.5%), with partners Capricorn Norge, a wholly owned subsidiary of Cairn (WI 28.5%), Dong E&P Norge (WI 20%) and North Energy (WI 20%), completed the drilling operations on the prospect. No hydrocarbons were encountered and the well has been plugged and abandoned.

Drilling operations completed on the Timon exploration well 211/11b-7 in Licence P1633 located in the UK Northern North Sea in July. The well did not encounter hydrocarbons and was plugged and abandoned. The partners in the P1633 Licence are MPX North Sea Limited (operator, WI 15%), Cairn (WI 25%), TAQA Bratani Limited (WI 18%), Wintershall E&P Limited (WI 17%), Sorgenia E&P (UK) Ltd (WI 15%) and Valiant Causeway Limited (WI 10%).

Applications are being developed for submitting to the next Norwegian APA licence round.

Group Booked 2P Reserves

The Group's proven plus probable (2P) reserves as at 30 June 2013 on a net working interest basis are 16mmboe, primarily due to interests in the Mariner offshore field (15.9mmboe) and one further onshore UK field (0.1mmboe).

People

We were pleased to announce that Ian Tyler was appointed as an independent non-executive director of the Company and also as a member of the audit and remuneration committees. Mr Tyler is currently non-executive chairman of Al Noor Hospitals Group plc, a non-executive director and chairman of the audit committee of Cable & Wireless Communications plc and a non-executive director of BAE Systems plc. Mr Tyler was previously Chief Executive of Balfour Beatty PLC, a post he held from 2005 until March 2013.

Financial Review

Oil and Gas assets

At 30 June 2013, the Group holds oil and gas assets of US$895m. During the period, Cairn has continued its non-operated exploration, appraisal and development activities in the North Sea, expanded the wider portfolio of assets by farming into three contiguous licences in Senegal and begun preparations for drilling offshore Morocco.

	US$m
Oil and Gas assets at 31 December 2012	971
North Sea - Exploration, appraisal and development asset additions	95
North Sea - Unsuccessful exploration costs and impairment	(78)
North Sea - Transfer of development asset to Held-for-sale	(56)
Other regions - Exploration additions and other cost adjustments	26
Foreign exchange differences	(63)
Oil and gas assets at 30 June 2013	895

After establishing the Group's North Sea portfolio with last year's corporate acquisitions, Cairn has participated in five exploration and appraisal wells in the six months to 30 June 2013 and further exploration opportunities have been added to the portfolio during the period and subsequently. Work continues with partners on completing the FDPs for the Kraken and Catcher fields.

During the six months to June 2013, three non-operated exploration wells were completed. The Timon well in the UK North Sea, suspended in 2012, was completed in February and the Frode exploration well in the Norwegian sector completed in June 2013. Neither well was successful and the costs are included within unsuccessful exploration costs charged of US$56m. The Bonneville exploration well was successful and demonstrates the further potential in the Catcher licence within the UK North Sea.

Two non-operated appraisal wells were also successfully completed in the six month period. Cairn was fully carried for the costs of the Kraken north appraisal well in UK North Sea. The appraisal well drilled on the Skarfjell discovery in the Norwegian sector will be followed by a second appraisal well to be drilled later this year.

Subsequent to 30 June 2013, Cairn has agreed the transaction to dispose of the (non-core) Mariner asset. At 30 June 2013, capitalised expenditure of US$56m has been transferred to held-for-sale with US$22m impaired prior to transfer. The re-classification also released US$33m from the deferred tax provision.

In other regions, additions of US$20m in the period include well planning costs and long-lead items ahead of the Atlantic Margin drilling campaigns in Morocco and Senegal. In the North Atlantic, exploration activities continue in Greenland. Other cost adjustments of US$6m were primarily due to final contract closures reversing past unsuccessful exploration costs.

Subsequent to the half-year end Cairn has reached agreement with ConocoPhillips to farm down the Senegal interests, reducing Cairn's exploration spend to a sustainable level while retaining material exposure to success in these frontier areas. Cairn also completed the farm in as operator to licences offshore the west of Ireland and a farm in as non-operator to a licence offshore Mauritania as well as a number of North Sea asset exchanges.

Available-for-sale financial assets, working capital and other assets and liabilities

Cairn continues to hold a ~10% interest in Cairn India Limited ("CIL"). At 30 June 2013, the financial asset had a market value of US$956m, a ~22% reduction from the value at the date of initial recognition. As a result, cumulative mark-to-market valuation losses, previously recognised in equity and recorded through the Statement of Comprehensive Income, have been recycled to the Income Statement and recognised as an impairment at 30 June 2013, with a charge of US$268m to the Income Statement. Related deferred tax provision releases of US$75m have also been recycled to the Income Statement.

At 30 June 2013, the Group had net funds of US$1.5bn and loans of US$60m on the facility related to tax refunds recoverable in Norway on qualifying exploration and related expenditure. The tax refund due was US$103m at the Balance Sheet date.

The Group's other intangible assets consist mainly of the goodwill that arose on the corporate acquisitions last year. At this time, although Cairn's market capitalisation remains substantially below the net assets in the Group Balance Sheet, the value in use of the Group's exploration and appraisal assets together with CIL financial asset and net funds available at 30 June 2013 continue to support the carrying value of the net assets in the Balance Sheet.

Results for the period

Until the Kraken and Catcher fields in the North Sea come on stream, Cairn has no production revenues and the Income Statement volatility reflects the Group's exposure to non-recurring items.

During the first six months of 2013, the Group made a loss after tax of US$219m (H1 2012: profit of US$37m). Total impairments of US$290m were recognised, US$22m on the Mariner asset now held-for-sale and US$268m relating to the CIL financial asset recycled from equity – deferred tax credits on these impairments totalled US$108m. Unsuccessful costs relating largely to the two North Sea exploration wells were US$49m and pre-award costs of US$11m were incurred as the Group continues to generate new opportunities.

Increased administrative charges of US$25m (H1 2012: US$19m) reflect the offices in Stavanger and London operating for the full six months – 2012 comparatives include only two months of the Stavanger office. Qualifying administrative expenses within Norway are eligible for a tax refund in the year incurred and contribute to a current tax credit for the period of US$45m which is included in the tax refund recoverable noted above. Restructuring of inter-company debt has reduced the Group's exposure to foreign exchange fluctuations and is also reflected in reduced finance income for the period.

Cash Flow

The Group's net funds (cash and deposits less bank borrowings) at 30 June 2013 were US$1,453m, after a net cash outflow of US$107m over the current six month period. US$22m of this outflow related to operating activities, primarily new business and administrative expenses, with US$84m relating to oil and gas expenditure being, US$74m on exploration assets, including the Frode, Timon, Bonneville and Skarfjell wells and US$10m on the Mariner development asset.

Principal Risks & Uncertainties

Cairn operates in a dynamic environment and risk management is an essential component of business success at Cairn.

In the delivery of the Company's strategy, Cairn seeks out investment opportunities which offer a balance of risk (technical, political and commercial) and reward. The identification, evaluation and management of risk, together with the way Cairn responds to changes in the external environment, underpin the safe delivery of the Company's business plan and strategic objectives, protect Cairn's 'licence to operate' and reputation, and help create long-term competitive advantage.

Business risks across the Group are addressed in a systematic way. The Board has overall responsibility for risk management and their approach is embedded throughout the organisation. It is supported by formal processes and a number of risk management forums, which feed into the Group Risk Management Committee currently chaired by the Managing Director and CFO, Jann Brown, with participation from both Executive and Non-Executive Directors, and members of Cairn's senior management team.

The principal risks and uncertainties facing the Group at 2012 year end and the approach to managing those risks were fully set out on pages 41-47 of the Annual Report and Accounts 2012.

Responding to Changing Risks during H1 2013

Cairn has assessed the key risks and uncertainties at the end of H1 2013 and concluded that three of the four risks identified at 2012 year end remain relevant. The risk of accessing near-term 'drillable' frontier exploration opportunities is no longer a key risk as it has been mitigated during H1 through the farm ins to permits in Senegal, Ireland and Mauritania, which add to the exploration investment opportunities in Morocco and Malta. As a consequence of the preparations for the commencement of our drilling programmes in Morocco and Senegal in late Q3 2013 and H1 2014 respectively, two new key risks have been added. These are:

- Uncertainties over permitting requirements and timetables for approvals in new countries
- Effective management of risks to people and the environment.

Going Concern

The directors have considered the financial and operational risk relevant to support a statement of going concern. The Group's liquidity is carefully and routinely monitored. The directors have a reasonable expectation that the Group has adequate financial resource to continue in operational existence for the foreseeable future, and therefore continue to adopt the going concern basis in preparing the financial statements.

Outlook

With net cash plus our investment in CIL totalling US$2.4bn at 30 June 2013, the Group remains well funded to deliver both the developments and an ongoing programme of exploration wells across frontier and mature basins. The introduction of debt to part finance the developments will release equity cash to help fund that exploration and over time the North Sea developments, Kraken and Catcher, will become the funding platform of the business.

The Group's exploration programme for the remainder of 2013 and 2014 is now more fully defined and we will continue to focus our financial strength on high impact exploration opportunities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of their knowledge, these condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 and the Disclosure and Transparency Rules (DTRs) of the UK Financial Conduct Authority.

The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R being a fair review of the business and important events impacting it, as well as a description of the principal risks and uncertainties that Cairn faces for the remainder of the year and a fair review of the related party disclosure requirements.

The directors of the Company are listed in the Annual Report for the year ended 31 December 2012 plus Ian Tyler who was appointed to the Board as an independent non-executive director in June 2013.

By order of the Board.

Simon Thomson	**Jann Brown**
Chief Executive	Managing Director & CFO
19 August 2013	19 August 2013

INDEPENDENT REVIEW REPORT TO CAIRN ENERGY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013, which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Cashflows, Group Statement of Changes in Equity and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 1.1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

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 Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

19 August 2013

Glasgow

Contents

Cairn Energy PLC

Group Income Statement

For the six months ended 30 June 2013

	Section	**Six months ended 30 June 2013 (unaudited) $m**	Six months ended 30 June 2012 (unaudited) $m	Year ended 31 December 2012 (audited) $m
Pre-award costs		**(11.3)**	(7.7)	(18.1)
Unsuccessful exploration costs	2.1	**(49.2)**	(50.0)	(158.7)
Administrative expenses		**(24.8)**	(19.0)	(53.3)
Other expenses		**-**	-	(11.2)
Impairment of oil and gas assets	2.2	**(22.4)**	-	(6.0)
Operating loss		**(107.7)**	(76.7)	(247.3)
Loss on sale of available-for-sale financial asset		**-**	(45.1)	(81.5)
Impairment of available-for-sale financial asset	3.1	**(267.5)**	-	-
Finance income		**3.8**	71.9	135.9
Finance costs		**(1.2)**	(0.1)	(1.3)
Loss before taxation		**(372.6)**	(50.0)	(194.2)
Taxation				
Tax credit	4.2	**153.5**	87.1	266.8
(Loss)/profit after taxation attributable to equity holders of the parent		**(219.1)**	37.1	72.6
Earnings per ordinary share – basic (cents)	4.3	**(36.70)**	5.24	11.13
Earnings per ordinary share – diluted (cents)	4.3	**(36.70)**	5.23	11.12

Cairn Energy PLC

Group Statement of Comprehensive Income

For the six months ended 30 June 2013

	Section	**Six months ended 30 June 2013 (unaudited) $m**	Six months ended 30 June 2012 (unaudited) $m	Year ended 31 December 2012 (audited) $m
(Loss)/profit for the period		**(219.1)**	37.1	72.6
Other comprehensive income – items that may be recycled to profit or loss				
Deficit on valuation of financial assets	3.1	**(182.8)**	(137.1)	55.6
Deferred tax credit/(charge) on valuation of financial assets		**64.6**	17.0	(18.8)
Valuation movement recycled to Income Statement		**267.5**	22.5	(12.8)
Deferred tax (charge)/credit on valuation movement recycled to Income Statement		**(74.5)**	(1.7)	9.1
Currency translation differences		**(73.1)**	(22.0)	(24.5)
Other comprehensive income for the period		**1.7**	(121.3)	8.6
Total comprehensive income for the period		**(217.4)**	(84.2)	81.2
Attributable to:				
Equity holders of the parent		**(217.4)**	(84.2)	81.2
		(217.4)	(84.2)	81.2

Cairn Energy PLC

Group Balance Sheet

As at 30 June 2013

	Section	**As at 30 June 2013 (unaudited) $m**	As at 30 June 2012 (unaudited) $m	As at 31 December 2012 (audited) $m
Non-current assets				
Intangible exploration/appraisal assets	2.1	**894.8**	432.5	899.8
Property, plant & equipment – development assets	2.2	**-**	-	71.0
Property, plant & equipment – other		**2.9**	2.3	2.8
Intangible assets – other	3.3	**457.4**	210.6	489.3
Available-for-sale financial assets	3.1	**955.6**	1,932.5	1,138.4
		2,310.7	2,577.9	2,601.3
Current assets				
Trade and other receivables		**35.3**	454.9	72.7
Bank deposits	3.2	**2.3**	-	2.3
Cash and cash equivalents	3.2	**1,510.5**	932.8	1,586.3
Income tax assets	4.2	**103.0**	35.3	65.1
		1,651.1	1,423.0	1,726.4
Assets held-for-sale	2.3	**56.2**	-	-
Total assets		**4,018.0**	4,000.9	4,327.7
Current liabilities				
Loans and borrowings	3.2	**60.1**	6.0	29.6
Trade and other payables		**76.0**	109.5	82.4
Provisions		**37.0**	-	40.5
		173.1	115.5	152.5
Non-current liabilities				
Provisions		**2.7**	26.6	2.6
Deferred tax liabilities	4.2	**405.5**	365.2	530.9
		408.2	391.8	533.5
Liabilities held-for-sale	2.3	**6.1**	-	-
Total liabilities		**587.4**	507.3	686.0
Net assets		**3,430.6**	3,493.6	3,641.7
Equity attributable to equity holders of the parent				
Called-up share capital		**13.0**	13.0	13.0
Share premium		**486.9**	484.4	486.9
Shares held by ESOP Trust and SIP Trust		**(28.1)**	(2.6)	(28.7)
Foreign currency translation		**(104.6)**	(29.0)	(31.5)
Merger reserve		**255.9**	255.9	255.9
Capital reserves – non distributable		**40.2**	40.2	40.2
Available-for-sale reserve		**-**	(207.2)	(74.8)
Retained earnings		**2,767.3**	2,938.9	2,980.7
Total equity		**3,430.6**	3,493.6	3,641.7

Cairn Energy PLC

Group Statement of Cash Flows

For the six months ended 30 June 2013

	Section	**Six months ended 30 June 2013 (unaudited) $m**	Six months ended 30 June 2012 (unaudited) $m	Year ended 31 December 2012 (audited) $m
Cash flows from operating activities				
Loss before taxation from continuing activities		**(372.6)**	(50.0)	(194.2)
Unsuccessful exploration costs		**49.2**	50.0	158.7
Depletion, depreciation, decommissioning and amortisation		**1.7**	0.9	3.5
Share-based payments charge		**6.3**	3.5	9.9
Loss on disposal of available-for-sale financial asset		**-**	45.1	81.5
Impairment of oil and gas assets		**22.4**	-	6.0
Impairment of available-for-sale financial asset		**267.5**	-	-
Finance income		**(3.8)**	(71.9)	(135.9)
Finance costs		**1.2**	0.1	1.3
Net interest paid		**(1.2)**	(0.1)	(1.3)
Income tax received		**-**	-	8.2
Foreign exchange differences		**2.0**	1.2	(9.3)
Trade and other receivables movement		**4.9**	0.4	29.4
Trade and other payables movement		**(0.1)**	(12.3)	(31.5)
Net cash used in operating activities		**(22.5)**	(33.1)	(73.7)
Cash flows from investing activities				
Expenditure on intangible exploration/appraisal assets		**(73.8)**	(51.6)	(139.1)
Expenditure on property, plant & equipment - development/producing assets		**(10.0)**	-	-
Purchase of property, plant & equipment – other		**(0.8)**	(0.4)	-
Purchase of intangible assets – software		**(1.8)**	(2.9)	(6.0)
Consideration paid for business combinations		**-**	(196.2)	(844.5)
Cash acquired as a result of business combinations		**-**	41.4	123.9
Expenses incurred on disposal of Cairn India group		**-**	(43.7)	(43.7)
Proceeds on disposal of intangible exploration/appraisal assets		**-**	-	33.3
Proceeds on disposal of available-for-sale financial asset		**-**	-	1,286.2
Movement in funds on bank deposits		**-**	-	6.4
Dividend received		**-**	-	18.0
Interest received		**1.2**	3.5	6.7
Net cash (used in)/from investing activities		**(85.2)**	(249.9)	441.2
Cash flows from financing activities				
Proceeds of borrowings		**36.6**	-	22.5
Cost of shares purchased		**-**	(0.9)	(27.0)
Proceeds from exercise of share options		**-**	0.8	3.2
Return of cash to shareholders		**-**	(3,575.2)	(3,575.2)
Net cash flows from/(used in) financing activities		**36.6**	(3,575.3)	(3,576.5)
Net decrease in cash and cash equivalents		**(71.1)**	(3,858.3)	(3,209.0)
Opening cash and cash equivalents at beginning of period		**1,586.3**	4,730.7	4,730.7
Exchange (losses)/gains on cash and cash equivalents		**(4.7)**	60.4	64.6
Closing cash and cash equivalents	3.2	**1,510.5**	932.8	1,586.3

Cairn Energy PLC

Group Statement of Changes in Equity

For the six months ended 30 June 2013

	Equity share capital $m	Shares held by ESOP Trust and SIP Trust $m	Foreign currency translation $m	Merger and Capital reserves $m	Available -for-sale reserve $m	Retained earnings $m	**Total equity $m**
At 1 January 2012	497.6	(1.7)	(7.0)	40.2	(107.9)	6,472.1	**6,893.3**
Profit for the year	-	-	-	-	-	72.6	**72.6**
Surplus on valuation of financial assets	-	-	-	-	55.6	-	**55.6**
Deferred tax charge on valuation of financial assets	-	-	-	-	(18.8)	-	**(18.8)**
Valuation movement recycled to Income Statement	-	-	-	-	(12.8)	-	**(12.8)**
Deferred tax credit on valuation movement recycled to Income Statement	-	-	-	-	9.1	-	**9.1**
Currency translation differences	-	-	(24.5)	-	-	-	**(24.5)**
Total comprehensive income for the year	-	-	(24.5)	-	33.1	72.6	**81.2**
Exercise of employee share options	3.2	-	-	-	-	-	**3.2**
Share-based payments	-	-	-	-	-	9.9	**9.9**
Shares issued for acquisitions	1.0	-	-	255.9	-	-	**256.9**
Return of cash to shareholders	(1.9)	-	-	-	-	(3,573.9)	**(3,575.8)**
Cost of shares purchased	-	(27.0)	-	-		-	**(27.0)**
At 31 December 2012	499.9	(28.7)	(31.5)	296.1	(74.8)	2,980.7	**3,641.7**
Loss for the period	-	-	-	-	-	(219.1)	**(219.1)**
Deficit on valuation of financial assets	-	-	-	-	(182.8)	-	**(182.8)**
Deferred tax credit on valuation of financial assets	-	-	-	-	64.6	-	**64.6**
Valuation movement recycled to Income Statement	-	-	-	-	267.5	-	**267.5**
Deferred tax charge on valuation movement recycled to Income Statement	-	-	-	-	(74.5)	-	**(74.5)**
Currency translation differences	-	-	(73.1)	-	-	-	**(73.1)**
Total comprehensive income for the period	-	-	(73.1)	-	74.8	(219.1)	**(217.4)**
Share-based payments	-	-	-	-	-	6.3	**6.3**
Cost of shares vesting	-	0.6	-	-	-	(0.6)	**-**
At 30 June 2013	**499.9**	**(28.1)**	**(104.6)**	**296.1**	**-**	**2,767.3**	**3,430.6**

Cairn Energy PLC

Group Statement of Changes in Equity (continued)

For the six months ended 30 June 2012

For the six months ended 30 June 2012	Equity share capital $m	Shares held by ESOP Trust and SIP Trust $m	Foreign currency translatio n $m	Merger and capital reserves $m	Available -for-sale reserve $m	Retained earnings $m	Total equity $m
At 1 January 2012	497.6	(1.7)	(7.0)	40.2	(107.9)	6,472.1	6,893.3
Profit for the period	-	-	-	-	-	37.1	37.1
Deficit on valuation of financial assets	-	-	-	-	(137.1)	-	(137.1)
Deferred tax credit on valuation of financial assets	-	-	-	-	17.0	-	17.0
Valuation movement recycled to Income Statement	-	-	-	-	22.5	-	22.5
Deferred tax charge on valuation movement recycled to Income Statement	-	-	-	-	(1.7)	-	(1.7)
Currency translation differences	-	-	(22.0)	-	-	-	(22.0)
Total comprehensive income for the period	-	-	(22.0)	-	(99.3)	37.1	(84.2)
Exercise of employee share options	0.8	-	-	-		-	0.8
Share-based payments	-	-	-	-		3.5	3.5
Shares issued for acquisitions	1.0	-	-	255.9	-	-	256.9
Return of cash to shareholders	(2.0)	-	-	-	-	(3,573.8)	(3,575.8)
Cost of shares purchased	-	(0.9)	-	-		-	(0.9)
At 30 June 2012	497.4	(2.6)	(29.0)	296.1	(207.2)	2,938.9	3,493.6

Section 1 – Basis of Preparation

1.1 Accounting Policies

a) Basis of Preparation

The half-yearly condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The disclosed figures are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012, on which the auditors gave an audit report which was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This half-yearly report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ended 31 December 2013, and uses the same accounting policies and methods of computation applied for the year ended 31 December 2012 other than changes to accounting policies resulting from the adoption of new or revised accounting standards.

Effective 1 January, Cairn have adopted the following standards:

- IFRS 13 'Fair Value Measurement'; (effective 1 January 2013)
- IAS 1 (amended) 'Presentation of Financial Statements; (effective 1 January 2013)
- IAS 19 (revised) 'Employee Benefits'; (effective 1 January 2013)

The amendments to accounting policies will result in minor changes in disclosures within the notes to accounts in the year end financial statements but have no material impact on the results for the period. Other changes to IFRS effective 1 January 2103 have no impact on Cairn's accounting policies or financial statements.

Section 2 – Assets and Investments: Oil and Gas Assets

2.1 Intangible Exploration/Appraisal Assets

Group	North Atlantic Margin - Greenland $m	North West Europe – North Sea $m	Other Cairn Energy Group $m	Total $m
Cost				
At 1 January 2012	154.4	-	16.4	**170.8**
Foreign exchange	-	(14.6)	-	**(14.6)**
Acquisitions during the period	-	411.0	-	**411.0**
Additions	(17.0)	21.0	1.3	**5.3**
Unsuccessful exploration costs	12.8	(62.5)	(0.3)	**(50.0)**
At 30 June 2012	150.2	354.9	17.4	**522.5**
Foreign exchange	0.1	34.9	-	**35.0**
Acquisitions during the period	-	565.5	-	**565.5**
Additions	14.9	61.1	9.2	**85.2**
Disposals	(33.3)	-	-	**(33.3)**
Transfers to Property Plant & Equipment – Development/ Producing Assets	-	(70.4)	-	**(70.4)**
Unsuccessful exploration costs	(6.7)	(96.5)	(5.5)	**(108.7)**
At 1 January 2013	125.2	849.5	21.1	**995.8**
Foreign exchange	-	(57.4)	(0.3)	**(57.7)**
Additions	(1.7)	83.2	20.4	**101.9**
Unsuccessful exploration costs	7.9	(55.7)	(12.5)	**(60.3)**
At 30 June 2013	**131.4**	**819.6**	**28.7**	**979.7**
Impairment				
At 1 January 2012 and 30 June 2012	74.9	-	15.1	**90.0**
Impairment	5.8	-	0.2	**6.0**
At 1 January 2013	80.7	-	15.3	**96.0**
Unsuccessful exploration costs	-	-	(11.1)	**(11.1)**
At 30 June 2013	**80.7**	**-**	**4.2**	**84.9**
Net book value at 30 June 2013	**50.7**	**819.6**	**24.5**	**894.8**
Net book value at 1 January 2013	44.5	849.5	5.8	899.8

The Group's North African, Mediterranean and Nepal assets are included in the "Other" reportable segment.

Unsuccessful exploration costs
During the six month period to 30 June 2013 total unsuccessful exploration cost write-offs were $49.2m.

$55.7m of write-offs related to North Sea assets following the completion of the Timon well in February and the Frode well in June, neither of which led to commercial hydrocarbon discoveries.

In Greenland, settlement of the final disputed item relating to the 2011 drilling campaign led to a credit to unsuccessful costs of $10.8m, offsetting other unsuccessful costs written off in the period.

Finally, costs relating to the Group's Nepalese acreage have also been written-off following the decision to cease operations in this country. Related prior year impairments have also been released.

Section 2 – Assets and Investments: Oil and Gas Assets

2.2 Property, Plant and Equipment-Development/Producing Assets

Group	North West Europe – North Sea $m	Total $m
Cost		
At 1 January 2012 and 30 June 2012	-	**-**
Transferred from exploration/appraisal assets	70.4	**70.4**
Foreign exchange	0.6	**0.6**
At 1 January 2013	71.0	**71.0**
Foreign exchange	(4.9)	**(4.9)**
Additions	12.2	**12.2**
Transfers to Assets held-for-sale	(56.2)	**(56.2)**
At 30 June 2013	**22.1**	**22.1**
Impairment		
At 1 January 2012 and 1 January 2013	-	**-**
Impairment	22.4	**22.4**
Foreign exchange	(0.3)	**(0.3)**
At 30 June 2013	**(22.1)**	**(22.1)**
Net book value at 30 June 2013	**-**	**-**
Net book value at 1 January 2013	71.0	71.0

Subsequent to 30 June 2013 Cairn has announced the agreement to sell the North Sea Mariner asset. Related costs have been transferred to assets held-for-sale as at 30 June 2013. Prior to re-classification, the asset was tested for impairment which resulted in the recognition of an impairment charge of $22.4m. Subsequently, costs of $56.2m were transferred to assets held-for-sale.

2.3 Assets and Liabilities held-for-sale

As described in note 2.2 on 30 June 2013 the Mariner asset of $56.2m was re-classed as held-for-sale. The liabilities held-for-sale of $6.1m represent Cairn's share of accruals of the joint operation.

2.4 Capital Commitments

At 30 June 2013, the Group had capital commitments of $631.7m (30 June 2012: $150.0m; 31 December 2012: $430.6m) in relation to intangible exploration/appraisal assets predominantly in the North Sea.

Section 3 – Assets and Investments: Financial Assets, Working Capital and Other assets and liabilities

3.1 Available-for-sale Financial Assets

	Listed equity shares $m
At 1 January 2012	**2,463.3**
Disposals	**(1,380.5)**
Surplus on valuation	**55.6**
At 1 January 2013	**1,138.4**
Deficit on valuation	**(182.8)**
As at 30 June 2013	**955.6**

The available-for-sale financial assets represent the Group's remaining strategic investment in the fully-diluted share capital of Cairn India, listed in India, which by its nature has no fixed maturity or coupon rate and is categorised as level 1 in the fair value hierarchy.

The minority holding of 10.3% is not held for trading and continues to be classified as available-for-sale. The fair value of $955.6m (31 December 2012: $1,138.4m) is based on the closing market value at 30 June 2013 of INR 290.00 (31 December 2012: INR 319.10).

At 30 June 2013 an impairment of $267.5m on the available-for-sale financial asset has been recycled from equity and recognised in the Income Statement due to the deficit on valuation since initial recognition in December 2011.

3.2 Net Funds

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods from overnight deposits to three months depending on the cash requirements of the Group. The bank loan represents amounts drawn under the Capricorn Norge AS revolving exploration loan facilities.

	At 30 June 2013 $m	At 30 June 2012 $m	At 31 December 2012 $m
Bank deposits	**2.3**	-	2.3
Cash and cash equivalents	**1,510.5**	932.8	1,586.3
Loans and borrowings	**(60.1)**	(6.0)	(29.6)
Net funds	**1,452.7**	926.8	1,559.0

3.3 Intangible Assets - other

The $31.9m reduction in the carrying value of Intangible assets – other to $457.4m at 30 June 2013 (31 December 2012: $489.3m) is predominantly due to foreign exchange movements of $33.3m arising on the translation of Goodwill allocated to the North Sea operating segment.

Section 4 – Results for the Period

4.1 Segmental Analysis

Operating Segments

For management purposes, the operations of the Cairn Group are organised based on geographical regions. The Cairn Group's operations currently focus on new exploration activities in four key operating segments: North West Europe – North Sea, North Atlantic Margin – Greenland, Atlantic Margin –North Africa and the Mediterranean

Geographical regions may be combined into regional business units. Each business unit is headed by its own regional director and management monitors the results of each separately for the purposes of making decisions about resource allocation and performance assessment.

North West Europe – North Sea
The corporate acquisitions in 2012, with primary interests in the UK and Norwegian North Sea, provide Cairn with a core platform for growth from organic, near-term exploration, appraisal and development activities, ultimately leading to sustainable cash flow.

North Atlantic Margin - Greenland
Cairn's Greenland assets have been the focus of much of the Groups exploration activity in recent years. Further exploration drilling is planned in 2014 subject to the necessary approvals being received.

Other
The Atlantic Margin – North Africa and Mediterranean operating segments results have been combined into the "Other Cairn Energy" reportable segment together with the Group's remaining exploration and corporate assets.

During the six months to June 2013, Cairn's portfolio in the Atlantic Margin has increased with the farm-in to three contiguous blocks offshore Senegal. Subsequent to the period end, Cairn has also agreed to farm-in to acreage offshore the west of Ireland and to licences offshore Mauritania and has also agreed to farm-down the newly acquired acreage in Senegal to reduce the Group's financial commitment.

Non-current assets

Non-current assets for segmental analysis consist of intangible exploration/appraisal assets; property, plant & equipment – development/producing assets; property, plant & equipment – other; and, intangible assets – other.

The segment results for the six months ended 30 June 2013 are as follows:

	North West Europe – North Sea $m	North Atlantic Margin - Greenland $m	Other Cairn Energy Group $m	**Total $m**
Pre-award costs	(2.6)	(0.8)	(7.9)	**(11.3)**
Unsuccessful exploration costs	(55.7)	7.9	(1.4)	**(49.2)**
Depreciation	(0.2)	-	(0.5)	**(0.7)**
Amortisation	-	-	(1.0)	**(1.0)**
Other expenses and administrative expenses	(3.9)	0.2	(19.4)	**(23.1)**
Impairment of oil and gas assets	(22.4)	-	-	**(22.4)**
Operating (loss)/profit	**(84.8)**	**7.3**	**(30.2)**	**(107.7)**
Impairment of available-for-sale asset	-	-	(267.5)	**(267.5)**
Interest income	0.3	-	1.3	**1.6**
Interest expense	(1.0)	-	-	**(1.0)**
Other finance income and costs	0.7	0.7	0.6	**2.0**
(Loss)/profit before taxation	**(84.8)**	**8.0**	**(295.8)**	**(372.6)**
Taxation credit	79.0	-	74.5	**153.5**
(Loss)/profit after taxation	**(5.8)**	**8.0**	**(221.3)**	**(219.1)**
Segment Non-current assets	**1,273.9**	**50.9**	**30.3**	**1,355.1**

Section 4 – Results for the Period

4.1 Segmental Analysis (continued)

The segment results for the six months ended 30 June 2012 were as follows:

	North West Europe – North Sea $m	North Atlantic Margin - Greenland $m	Other Cairn Energy Group $m	Total $m
Pre-award costs	-	(1.8)	(5.9)	(7.7)
Unsuccessful exploration costs	(62.5)	12.8	(0.3)	(50.0)
Gross (loss)/profit	(62.5)	11.0	(6.2)	(57.7)
Depreciation	(0.1)	(0.1)	(0.3)	(0.5)
Amortisation	-	-	(0.4)	(0.4)
Other income and administrative expenses	(2.4)	-	(15.7)	(18.1)
Operating (loss)/profit	(65.0)	10.9	(22.6)	(76.7)
Loss on disposal of available-for-sale financial asset	-	-	(45.1)	(45.1)
Interest income	-	-	3.7	3.7
Other finance income and costs	0.1	(0.5)	68.5	68.1
(Loss)/profit before taxation	(64.9)	10.4	4.5	(50.0)
Taxation credit	43.2	-	43.9	87.1
(Loss)/profit after taxation	(21.7)	10.4	48.4	37.1
Segment Non-current assets	562.4	76.9	6.1	645.4

Section 4 – Results for the Period

4.1 Segmental Analysis (continued)

The segment results for the year ended 31 December 2012 were as follows:

	North West Europe – North Sea $m	North Atlantic Margin - Greenland $m	Other Cairn Energy Group $m	Total $m
Pre-award costs	(5.4)	(3.4)	(9.3)	(18.1)
Unsuccessful exploration costs	(159.0)	6.1	(5.8)	(158.7)
Depreciation	(0.6)	(0.1)	(0.8)	(1.5)
Amortisation	-	-	(2.0)	(2.0)
Other expenses and administrative expenses	(14.8)	(0.2)	(46.0)	(61.0)
Impairment	-	(5.8)	(0.2)	(6.0)
Operating loss	(179.8)	(3.4)	(64.1)	(247.3)
Loss on sale of available-for-sale asset	-	-	(81.5)	(81.5)
Interest income	1.2	-	4.9	6.1
Interest expense	(0.8)	-	-	(0.8)
Other finance income and costs	(0.9)	(0.2)	130.4	129.3
Loss before taxation	(180.3)	(3.6)	(10.3)	(194.2)
Taxation credit	122.3	-	144.5	266.8
(Loss)/profit after taxation	(58.0)	(3.6)	134.2	72.6
Segment Non-current assets	1,407.3	44.7	10.9	1,462.9

Section 4 – Results for the Period

4.2 Taxation on Loss

a) Analysis of Tax Credit

	Six months ended 30 June 2013 $m	Six months ended 30 June 2012 $m	Year ended 31 December 2012 $m
Current tax:			
Foreign Tax			
Refund of Norwegian exploration expenses	**(45.4)**	(5.5)	(39.4)
Withholding tax deducted at source	**-**	0.1	0.1
	(45.4)	(5.4)	(39.3)
Total current tax credit	**(45.4)**	(5.4)	(39.3)
Deferred tax:			
United Kingdom			
Temporary differences in respect of non-current assets	**(47.0)**	(30.0)	(64.4)
Losses	**8.5**	-	(10.6)
Other temporary differences	**-**	-	0.2
Norway			
Temporary differences in respect of non-current assets	**7.7**	(7.3)	(6.7)
Losses	**0.7**	(0.4)	(1.0)
Other temporary differences	**(3.5)**	-	(0.4)
India			
Temporary differences in respect of available-for-sale financial assets	**(74.5)**	(44.0)	(144.6)
Total deferred tax credit	**(108.1)**	(81.7)	(227.5)
Tax credit on loss	**(153.5)**	(87.1)	(266.8)

b) Income Tax Asset

The Income tax asset of $103.0m (30 June 2012: $35.3m; 31 December 2012: $65.1m) represents Norwegian tax refunds.

c) Reconciliation to deferred tax liabilities

	$m
At 1 January 2012	**(254.1)**
Deferred tax on fair value arising from business combinations	**(493.7)**
Credit to the Income Statement	**227.5**
Deferred tax credit on movement in fair value of available-for-sale financial assets recognised in other comprehensive income	**(9.7)**
Exchange difference arising	**(0.9)**
At 1 January 2013	**(530.9)**
Credit to the Income Statement	**108.1**
Deferred tax credit on movement in fair value of available-for-sale financial assets recognised in other comprehensive income	**(9.9)**
Exchange difference arising	**27.2**
At 30 June 2013	**(405.5)**

Section 4 – Results for the Period

4.3 Earnings per Ordinary Share

Basic and diluted earnings per share are calculated using a loss of $219.1m (30 June 2012: profit of $37.1m; 31 December 2012: profit of $72.6m). The share data used in the computations is as follows:

	Six months ended 30 June 2013 '000	Six months ended 30 June 2012 '000	Year ended 31 December 2012 '000
Weighted average number of shares	**603,264**	708,306	655,140
Less weighted average shares held by ESOP and SIP Trusts	**(6,024)**	(471)	(2,187)
Basic weighted average number of shares	**597,240**	707,835	652,953
Dilutive potential ordinary shares:			
Employee share options	**402**	762	445
Diluted weighted average number of shares	**597,642**	708,597	653,398

Section 5 – Events after the Balance Sheet date

5.1 Republic of Ireland Farm in Agreement

Subsequent to the year end, the Government of the Republic of Ireland has approved Cairn's farm-in as Operator in two exploration licences (FEL 2/04 and FEL 4/08) and one licensing option covering 2,753 km^2 in the Porcupine Basin offshore West of Ireland. Cairn will hold a 38% working interest in the licences.

Cairn has acquired a 38% Working Interest and Operatorship by paying a pro-rated share of back costs amounting to $4.1million and 63.33% of future exploration and appraisal costs for up to two wells, subject to a cap. Costs in excess of the cap will be shared by the parties according to their equity interests. Based on Cairn's estimate of the expected well cost, Cairn anticipates it will be contributing ~55% of the cost of each well.

5.2 Senegal Farm down Agreement

Cairn has entered into a farm-down agreement with ConocoPhillips for three contiguous blocks located offshore Senegal, West Africa. Under the terms of the agreement, which is subject to Government of Senegal approval, ConocoPhillips will acquire a 25% working interest from Cairn in the three contiguous blocks – Rufisque, Sangomar and Sangomar Deep where a 2,050km^2 3D seismic survey has been used to identify prospects.

Cairn will retain operatorship and 40% interest in the blocks during the exploration phase. Petrosen, the Senegal National Oil Company, will retain a 10% interest in the exploration phase. In the event of a commercial success, ConocoPhillips would have the option to operate the future development of the resource. ConocoPhillips will pay Cairn a payment inclusive of a portion of back costs on the blocks, along with promoted terms of future exploration expenditure.

5.3 Mauritania Farm in Agreement

Cairn has also entered into a farm-in agreement with Chariot Oil & Gas Investments (Mauritania) Limited for a 35% non-operated interest in the C19 exploration block offshore Mauritania in West Africa. The block is currently held by Chariot (90% and Operator) and the Mauritanian state company "Société Mauritanienne des Hydrocarbures" (SMH) (10%),

Under the terms of the farm-in agreement, which is subject to Government approval, Cairn will pay Chariot approximately $26 million for seismic and other back costs. Thereafter, exploration costs will be apportioned Cairn 38.89% (Working Interest (WI) 35%), Chariot 61.11% (WI 55%) and SMH 0% (WI 10%). If, before the end of the first phase of the licence (15 June 2015), Cairn were to increase its interest to greater than 50% then Chariot will support Cairn's application for operatorship of the block.

5.4 North Sea asset transactions

Cairn has agreed a series of North Sea asset transactions:

- A farm in to Statoil's operated Norwegian North Sea production licence PL159C – Cairn WI of 18%
- A 10% farm down to Statoil of Cairn original 30% interest in UK licences P2040 and P2086 and a swap with TAQA Bratani for a 15% interest in these licences in exchange for Cairn's entire 20% interest in UK licence P1680 – Cairn revised WI in P2040 and P2086 will be 35%
- The acquisition from Premier Oil of a 20% interest in PL378/378B licences located in the Norwegian North Sea (immediately south-southeast of the existing Skarfjell licence)

All of these agreements are subject to approval from respective regulators in Norway and the UK.

Glossary

The following are the main terms and abbreviations used in this announcement:

Corporate

Board	the Board of Directors of Cairn Energy PLC
Cairn	Cairn Energy PLC and/or its subsidiaries as appropriate
Cairn India/CIL	Cairn India Limited and/or its subsidiaries as appropriate
Capricorn	Capricorn Oil Limited and/or its subsidiaries as appropriate
Company	Cairn Energy PLC
Group	the Company and its subsidiaries

Technical

APA	awards in predefined area
2D/3D	two dimensional/three dimensional
boe	barrel(s) of oil equivalent
boepd	barrel(s) of oil equivalent per day
bopd	barrels of oil per day
DECC	Department of Energy and Climate Change
ESA	exploration study agreement
FDP	field development plan
mmbbls	million barrels of oil
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
US$	US dollar
WI	working interest

NOTES TO EDITORS

Cairn Energy PLC ("Cairn") is one of Europe's leading independent oil and gas exploration and development companies and is listed on the London Stock Exchange. Cairn has discovered and developed oil and gas reserves in a variety of locations around the world. The Company historically focussed its activities on the geographic region of South Asia where it operated for more than 20 years. During this time it discovered, developed and produced oil and gas both offshore and onshore in Bangladesh and India and made more than 40 significant discoveries. In particular, Cairn made a major oil discovery in Rajasthan in the north west of India at the beginning of 2004 where over 25 discoveries have since been made with the potential to provide more than 30% of India's crude oil production. Today, Cairn continues to hold an approximate 10% shareholding in Cairn India Limited. Cairn's business operations are now focused on frontier exploration acreage in Morocco, Senegal, Republic of Ireland, Greenland, Mauritania and the Mediterranean along with exploration and pre-development interests in the North Sea. Cairn has its headquarters in Edinburgh, Scotland supported by operational offices in London, Greenland, Norway, Spain and Morocco.

Cairn and Corporate Responsibility

- Cairn is a signatory to the UN Global Compact and our core values of respect, responsibility, relationships and our commitments towards people, the environment and society are enshrined in our Business Principles, which are available on the Cairn website at http://www.cairnenergy.com/index.asp?pageid=282

For further information on Cairn please see: www.cairnenergy.com