Registered No: SC341590

CAPRICORN GREENLAND EXPLORATION 9 LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Capricorn Greenland Exploration 9 Limited

Directors:

P J Mayland
J D Smith
S J Thomson

Secretary:

D A Wood

Independent Auditors:

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Solicitors:

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Registered Office:

50 Lothian Road
Edinburgh
EH3 9BY

Registered No:

SC341590

Capricorn Greenland Exploration 9 Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2013.

Principal Activities and Business Review

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Company's principal activity is the exploration for oil and gas.

During the year the Company made a loss of US$155,847 due to additional provisions required in respect of the Uummannarsuaq licence which is currently in the process of relinquishment (2012: loss US$2,273,999).

No dividend has been paid or declared in respect of the year ended 31 December 2013 (2012: US$nil).

Principal Risks and Uncertainties

Other than the Uummannarsuaq licence, the Company currently has no interests in oil and gas assets and consequently the directors are considering plans for the Company's future.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company, are discussed in pages 42 to 49 of the Group's annual report which does not form part of this report.

Financial Instruments

For details of the Company's financial risk management policy see note 11.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

J M Brown (resigned 15 May 2014)

M J Watts (resigned 15 May 2014)

J D Smith (appointed 15 May 2014)

PJ Mayland (appointed 15 May 2014)

S J Thomson

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Capricorn Greenland Exploration 9 Limited

Directors' Report (continued)

Disclosure of Information to Auditors

The directors of the Company who held office as at the date of this report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and that the Company's auditors are aware of this information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be prepared at the annual general meeting.

BY ORDER OF THE BOARD

Duncan Wood

Duncan Wood
Secretary

50 Lothian Road
Edinburgh EH3 9BY

3 July 2014

Capricorn Greenland Exploration 9 Limited

Independent auditors' report to the members of Capricorn Greenland Exploration 9 Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Capricorn Greenland Exploration 9 Limited, comprise:

- the balance sheet as at 31 December 2013;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Capricorn Greenland Exploration 9 Limited

Independent auditors' report to the members of Capricorn Greenland Exploration 9 Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Bruce Collins

Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
3 July 2014

Capricorn Greenland Exploration 9 Limited
Income Statement
For the year ended 31 December 2013

	Notes	2013 US$	2012 US$
Continuing Operations			
Unsuccessful exploration costs	6	**(155,847)**	(2,270,128)
Operating loss		**(155,847)**	(2,270,128)
Finance costs	4	-	(3,871)
Loss before taxation		**(155,847)**	(2,273,999)
Taxation on loss	5	-	-
Loss for the year		**(155,847)**	(2,273,999)

Capricorn Greenland Exploration 9 Limited
Statement of Comprehensive Income
For the year ended 31 December 2013

	2013 US$	2012 US$
Loss for the year	**(155,847)**	(2,273,999)
Total comprehensive income for the year	**(155,847)**	(2,273,999)

Capricorn Greenland Exploration 9 Limited

Balance Sheet

As at 31 December 2013

	Notes	2013 US$	2012 US$
Current assets			
Trade and other receivables	7	**7,569,328**	7,652,568
Cash and cash equivalents		**1,063**	1,063
		7,570,391	7,653,631
Total assets		**7,570,391**	7,653,631
Current liabilities			
Trade and other payables	8	**280,000**	310,578
Provisions	9	**585,097**	481,912
Total liabilities		**865,097**	792,490
Net assets		**6,705,294**	6,861,141
Equity			
Called-up share capital	10	**4,799,658**	4,799,658
Retained earnings		**1,905,636**	2,061,483
Total equity		**6,705,294**	6,861,141

The financial statements on pages 6 to 18 were approved by the Board of Directors on 3 July 2014 and signed on its behalf by:

Simon Thomson
Director

Company Registered No: SC341590

Capricorn Greenland Exploration 9 Limited
Statement of Cash Flows
For the year ended 31 December 2013

	Notes	2013 US$	2012 US$
Cash flows from operating activities			
Loss before taxation		**(155,847)**	(2,273,999)
Unsuccessful exploration costs		**155,847**	2,270,128
Finance costs		-	3,871
Net cash used in operating activities		-	-
Cash flows from investing activities			
Expenditure on intangible exploration/appraisal assets		-	(286,036)
Net cash used in investing activities		-	(286,036)
Cash flows from financing activities			
Group borrowings		-	280,000
Net cash flows from financing activities		-	280,000
Net decrease in cash and cash equivalents		-	(6,036)
Opening cash and cash equivalents at beginning of year		**1,063**	7,099
Closing cash and cash equivalents		**1,063**	1,063

Capricorn Greenland Exploration 9 Limited

Statement of Changes in Equity

For the year ended 31 December 2013

	Called-up share capital US$	Retained earnings US$	**Total Equity US$**
At 1 January 2012	4,799,658	4,335,482	**9,135,140**
Loss for the year	-	(2,273,999)	**(2,273,999)**
Total comprehensive income for the year	-	(2,273,999)	**(2,273,999)**
At 1 January 2013	4,799,658	2,061,483	**6,861,141**
Loss for the year	-	(155,847)	**(155,847)**
Total comprehensive income for the year	-	(155,847)	**(155,847)**
At 31 December 2013	**4,799,658**	**1,905,636**	**6,705,294**

1 Accounting Policies

a) Basis of preparation

The financial statements of Capricorn Greenland Exploration 9 Limited ("the Company") for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 3 July 2014. The Company is a limited company incorporated in Scotland and domiciled in the United Kingdom. The registered office is located at 50 Lothian Road, Edinburgh, Scotland.

The Company prepares its financial statements on a historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy. The Company's financial statements comply with the Companies Act 2006. The accounting policies adopted during the year are consistent with those adopted by the parent Cairn Energy PLC.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The financial position of the Company and borrowing facilities are presented in the financial statements and supporting notes. In addition, note 11 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources with which the directors believe that the Company is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Accounting standards

The Company prepares its financial statements in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the EU. The Company's financial statements are also consistent with IFRS as issued by the International Accounting Standards Board ("IASB") as they apply to accounting periods ended 31 December 2013.

Effective 1 January 2013, the Company has adopted the following standards impacting the Company's accounting policies and/or presentation in the Company's financial statements:

- 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 may result in minor changes in disclosures within the Statement of Other Comprehensive Income and notes to these financial statements but have no material impact on the results for the year. Other changes to IFRS effective 1 January 2013 have no impact on the accounting policies or financial statements.

The following new standards, issued by the IASB and endorsed by the EU, have yet to be adopted by the Company:

- IFRS 10 'Consolidated Financial Statements'; (effective 1 January 2014)
- IFRS 11 'Joint Arrangements'; (effective 1 January 2014)
- IFRS 12 'Disclosure of interests in Other Entities' (effective 1 January 2014)
- IAS 27 (amendment) 'Separate Financial Statements' (effective 1 January 2014)
- IAS 28 (amendment) 'Investments in Associates and Joint Ventures' (effective 1 January 2014)

The adoption of these new standards will not result in any changes to the financial statements. No other standards issued by the IASB and endorsed by the EU, but not yet adopted are expected to have any material impact on the financial statements.

1 Accounting Policies (continued)

c) Presentation currency

The functional and presentation currency of the Company is US Dollars (US$). The Company's policy on foreign currencies is detailed in note 1(i)

d) Joint Ventures

The Company participates in an unincorporated Joint Venture which involves the joint control of assets used in the Company's oil and gas exploration and producing activities. The Company recognises its share of assets, liabilities, income and expenditure of jointly controlled assets in which the Company holds an interest, classified in the appropriate Balance Sheet and Income Statement headings. The Company's principal licence interest is a jointly controlled asset.

The Company is in the process of relinquishing its interest in the following unincorporated Joint Venture offshore Greenland:

	Working Interest
Uummannarsuaq	57.0%

e) Intangible exploration/appraisal assets (summarised)

The Company follows a successful efforts based accounting policy for oil and gas assets.

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, un-depleted, within intangible exploration/appraisal assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered. Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised initially within intangible exploration/appraisal assets and subsequently allocated to drilling activities. Exploration/appraisal drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised intangible exploration/appraisal costs are transferred into a single field cost centre within property, plant & equipment - development/producing assets, after testing for impairment (see below). Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

Impairment

Intangible exploration/appraisal assets are reviewed regularly for indicators of impairment and tested for impairment where such indicators exist. An indicator that one of the Company's assets may be impaired is most likely to be one of the following:

- There are no further plans to conduct exploration activities in the area;
- Exploration drilling in the area has failed to discover commercial reserve volumes; or
- Development proposals for appraisal assets in the pre-development stage indicate that it is unlikely that the carrying value of the exploration/appraisal asset will be recovered in full.

In such circumstances the intangible exploration/appraisal asset is allocated to property, plant & equipment - development/producing assets within the same cash generating unit and tested for impairment. Any impairment arising is recognised in the Income Statement for the year. Where there are no development/producing assets within the cash generating unit, the excess of the carrying amount of exploration/appraisal asset over its recoverable amount are charged immediately to the Income Statement.

1 Accounting Policies (continued)

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are categorised as financial assets held at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company holds financial assets which are classified as either available for sale financial assets or loans and receivables.

Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are categorised as either fair value through profit or loss or held at amortised cost. All of the Company's financial liabilities are held at amortised cost.

Financial instruments are generally recognised as soon as the Company becomes party to the contractual regulations of the financial instrument.

Other receivables

Other receivables that have fixed or determinable payments that are not quoted on an active market are measured at amortised cost using the effective interest method less any impairment. Other receivables are recognised when invoiced. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

The carrying amounts of other receivables are tested at each reporting date to determine whether there is objective material evidence of impairment, for example overdue trade debt. Any impairment losses are recognised through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement or Balance Sheet in accordance with where the original receivable was recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade payables and other non derivative financial liabilities

Trade payables are measured initially at fair value and then at amortised cost.

g) Equity

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

h) Taxation

The tax expense represents the sum of current tax and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in Joint Ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax liability is not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

1 Accounting Policies (continued)

h) Taxation (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary timing difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in Joint Ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets are reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets and liabilities are only offset where they arise within the same entity and tax jurisdiction and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

i) Foreign currencies

The Company translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising are taken to the Income Statement except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset.

2 Operating Loss

a) Auditors' Remuneration

The Company's auditors' remuneration of US$3,130 (2012: US$5,015) has been borne by the intermediate holding company Capricorn Energy Limited. Auditors' remuneration for other services is disclosed in the financial statements of Cairn Energy PLC, the ultimate parent undertaking. The Company has a policy in place for the award of non-audit work to the auditors which, in certain circumstances, requires approval by the Audit Committee of Cairn Energy PLC, the ultimate parent undertaking.

b) Employees

This company has no employees (2012: none).

3 Directors' Remuneration

Remuneration of key management personnel and directors

The directors of the Company are also directors of other companies in the Cairn Energy PLC group. The directors received remuneration for the year of US$3.7m (2012: US$4.2m) and pension contributions of US$0.3m (2012: US$0.2m) all of which was paid by other companies in the group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of Cairn Energy PLC and fellow subsidiary companies. There are no agreements between the Company and the Board of Directors.

4 Finance Costs

	2013 US$	2012 US$
Exchange loss	-	3,871

5 Taxation on Loss

Factors affecting tax expense for year
A reconciliation of income tax expense applicable to loss before income tax at the applicable tax rate to income tax expense at the Company's effective income tax rate is as follows:

	2013 US$	2012 US$
Loss before taxation	**(155,847)**	(2,273,999)
Tax at the weighted average rate of corporation tax of 23.25% (2012: 24.50%)	**(36,234)**	(557,130)
Effects of:		
Temporary differences not recognised	**36,234**	556,181
Group relief surrendered	-	949
Total tax charge	-	-

Factors that may affect future corporation tax charges
The UK main rate of corporation tax was 24% prior to 1 April 2013, and 23% from that date onwards. The reduction in the tax rate from 24% to 23% has resulted in an average rate of corporation tax of 23.25% for the year ended 31 December 2013, as shown above. The rate will reduce to 21% on 1 April 2014 and to 20% on 1 April 2015.

No deferred tax asset has been recognised at the year end on temporary differences in respect of non-current assets of $2,425,975 (2012: $2,270,128) as it is not considered probable that these will be utilised in future periods.

6 Intangible Exploration/Appraisal Assets

	Greenland US$	**Total US$**
Cost		
At 1 January 2012	1,998,123	**1,998,123**
Additions	272,005	**272,005**
Unsuccessful exploration costs	(2,270,128)	**(2,270,128)**
At 1 January 2013	-	-
Additions	155,847	**155,847**
Unsuccessful exploration costs	(155,847)	**(155,847)**
At 31 December 2013	-	-
Net book value at 31 December 2013	-	-
Net book value at 31 December 2012	-	-
Net book value at 1 January 2012	1,998,123	1,998,123

The exploration period on the Uummannarsuaq licence expired on 31 December 2013 and is in the process of being relinquished. The Company holds no other exploration licence interests. The additions during 2013 represent the additional provisions and accruals in respect of this licence.

Capricorn Greenland Exploration 9 Limited
Notes to the Financial Statements (continued)

7 Trade and Other Receivables

	31 December 2013 US$	31 December 2012 US$
Amounts owed by group companies	**7,569,328**	7,280,002
Joint Venture debtors	**-**	372,566
	7,569,328	7,652,568

Amounts owed by group companies are non-interest bearing. In determining the recoverability of a trade or other receivable, the Company carries out a risk analysis based on the type and age of the outstanding receivable.

As at 31 December 2013, the ageing analysis of trade and other receivables not impaired is set out below:

	Total US$	< 30 days US$	>120 days US$
2013			
Past due but not impaired	**7,569,328**	-	7,569,328
As at 31 December 2013	**7,569,328**	**-**	**7,569,328**
2012			
Neither past due nor impaired	372,566	372,566	-
Past due but not impaired	7,280,002	-	7,280,002
As at 31 December 2012	7,652,568	372,566	7,280,002

There is no allowance for doubtful debts in the Company.

8 Trade and other payables

	31 December 2013 US$	31 December 2012 US$
Amounts owed to group companies	**280,000**	280,000
Joint Venture accruals	**-**	30,578
	280,000	310,578

9 Provisions

As at 31 December 2013 the Company has made a provision of US$585,097 (2012:US$481,912) for the costs of relinquishment of the Uummannarsuaq exploration licence, see note 6. The costs are expected to be incurred during 2014.

10 Called-up Share Capital

	2013 £1 Ordinary Number	2012 £1 Ordinary Number	2013 £1 Ordinary US$	2012 £1 Ordinary US$
Allotted, issued and fully paid ordinary shares				
At 1 January and 31 December	**3,076,637**	3,076,637	**4,799,658**	4,799,658

11 Financial Risk Management: Objectives and Policies

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market risk arising including equity price fluctuations, interest rate risk and foreign currency risk. The Board of the Company's ultimate parent company, Cairn Energy PLC, reviews and agrees policies for managing each of these risks and these are summarised below.

The Group's treasury function, at Cairn Energy PLC, and Executive Team as appropriate, are responsible for managing these risks, in accordance with the policies set by the Board. Management of these risks is carried out by monitoring of cash flows, investment and funding requirements using a variety of techniques. These potential exposures are managed whilst ensuring that the Company and Group have adequate liquidity at all times in order to meet their immediate cash requirements. There are no significant concentrations of risks unless otherwise stated.

The primary financial instruments comprise cash, short-term deposits, intra-group loans and other receivables and financial liabilities held at amortised cost. The Group's strategy has been to finance its operations through a mixture of retained profits and group borrowings. Other alternatives such as equity and other forms of non investment-grade debt finance are reviewed by the Board, when appropriate.

Liquidity risk
The Group currently has surplus cash which it has placed in a combination of money market liquidity funds and term deposits with a number of international and UK financial institutions, ensuring sufficient liquidity to enable the Group to meet its short/medium-term expenditure requirements. The Group is conscious of the current environment and constantly monitors counterparty risk. Policies are in place to limit counterparty exposure and maturity. The Group monitors counterparties using published ratings and other measures. Repayment of principal is the overriding priority and this is achieved by diversification and shorter maturities to provide flexibility.

At 31 December 2012 Cairn Energy PLC Group had a total of US$55.0m of facilities in place to cover the issue of performance guarantees. During the year these facilities were increased to US$60.0m. Fixed rates of bank commission and charges applied to these facilities. US$33.8m was utilised as at 31 December 2013. On 21 February 2014 the facilities were further increased to US$100.0m.

Cairn Energy PLC also issued a US$100.0m Letter of Credit on 22 July 2013 as required under the membership of the Oil Spill Response Scheme's 'Cap and Contain' arrangement. This guarantee is cash backed with US$100.0m being placed with BNP Paribas to support the letter of credit.

Interest rate risk
Surplus funds are placed on short/medium-term deposits at floating rates. It is Cairn's policy to invest with banks or other financial institutions that first of all offer what is perceived as the greatest security and, second, the most competitive interest rate. Managing counterparty risk is considered the priority.

Short/medium-term borrowing arrangements are generally entered into at floating rates. From time to time the Group may opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. At this time, however, there are no such instruments (2012: none).

Foreign currency risk
Cairn manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. Generally the exposure has been limited given that receipts and payments have mostly been in US dollars and the functional currency of most companies in the Group is US dollars.

The Group also aims where possible to hold surplus cash, debt and working capital balances in functional currency which in most cases is US dollars, thereby matching the reporting currency and functional currency of most companies in the Group. This minimises the impact of foreign exchange movements on the Group's Balance Sheet.

Where residual net exposures do exist and they are considered significant the Company and Group may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates.

Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions.

Investment credit risk for investments with banks and other financial institutions is managed by the Group Treasury function in accordance with the Board approved policies of Cairn Energy PLC. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The Board continually re-assesses the Group's policy and updates as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

At the year end the Company does not have any significant concentrations of bad debt risk.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

11 Financial Risk Management: Objectives and Policies (continued)

Capital Management
The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Group to carry out committed work programme requirements. The Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages the capital structure and makes adjustments to it in light of changes to economic conditions. To maintain or adjust the capital structure, Cairn may buy-back shares, make a special dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or other such restructuring activities as appropriate. No significant changes were made in the objectives, policies or processes during the year ended 31 December 2013.

Company capital and net debt were made up as follows:

	31 December 2013 US$	31 December 2012 US$
Trade and other payables	**280,000**	310,578
Less cash and cash equivalents	**(1,063)**	(1,063)
Net debt	**278,937**	309,515
Equity	**6,705,294**	6,861,141
Company capital and net debt	**6,984,231**	7,170,656
Gearing Ratio	**4.0%**	4.3%

12 Financial Instruments

The Company calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable on the Balance Sheet date. The Company's financial assets and liabilities, together with their fair values are as follows:

Financial assets	**Carrying amount**		**Fair value**	
	31 December 2013 US$	31 December 2012 US$	**31 December 2013 US$**	31 December 2012 US$
Cash and cash equivalents	**1,063**	1,063	**1,063**	1,063
Amounts owed by group companies	**7,569,328**	7,280,002	**7,569,328**	7,280,002
Joint Venture debtors	**-**	372,566	**-**	372,566
	7,570,391	7,653,631	**7,570,391**	7,653,631

All of the above financial assets are unimpaired. An analysis of the ageing of trade and other receivables is provided in note 7.

Financial liabilities	**Carrying amount**		**Fair value**	
	31 December 2013 US$	31 December 2012 US$	**31 December 2013 US$**	31 December 2012 US$
Amounts owed to group companies	**280,000**	280,000	**280,000**	280,000
	280,000	280,000	**280,000**	280,000

The fair value of financial assets and liabilities has been calculated by discounting the expected future cash flows at prevailing interest rates.

The Company's financial liabilities mature in less than one year (2012: less than one year).

Capricorn Greenland Exploration 9 Limited
Notes to the Financial Statements (continued)

13 Capital Commitments

The Company had no capital commitments as at 31 December 2013 (2012: US$nil).

14 Related Party Transactions

The following table provides the Company's balances which are outstanding with group companies at the Balance Sheet date:

	31 December 2013 US$	31 December 2012 US$
Amounts owed by group companies	**7,569,328**	7,280,002
Amounts owed to group companies	**(280,000)**	(280,000)
	7,289,328	7,000,002

The amounts outstanding are unsecured, repayable on demand and will be settled in cash. Interest, where charged, is at market rates. No guarantees have been given.

During the year ended 31 December 2013, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2012: US$nil).

Remuneration of key management personnel and directors
The remuneration of directors, who are the key management personnel of the Company, is set out in note 3.

15 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Capricorn Energy Limited. The results of the Company are consolidated into those of the ultimate parent company, Cairn Energy PLC, registered in Scotland, whose principal place of business is at 50 Lothian Road, Edinburgh, EH3 9BY.

Copies of Cairn Energy PLC's financial statements are available to the public and may be obtained from the above mentioned address.