

CAIRN LANKA (PRIVATE) LIMITED
FINANCIAL STATEMENTS AND REPORT OF DIRECTORS

31 March 2015

References to “the Company” or “Cairn” are reference to CAIRN LANKA (PRIVATE) LIMITED.

Amounts in the Financial Statements have been denominated in United States Dollars (“\$”) unless specifically stated otherwise.



CAIRN LANKA (PRIVATE) LIMITED

CORPORATE INFORMATION

Directors:

Mr.Sunil Bohra
Ms Neerja Sharma

Auditors:

Ernst & Young
201, De Saram Place,
Colombo 10, Sri Lanka

Lawyers:

Sudath Perera Associates
#5, 9th Lane, Nawala Road,
Sri Lanka

Secretaries:

Jacey & Company
No. 9/5, Thambiah Avenue
Off Independence Avenue
Colombo 07
Sri Lanka

Registered Office:

Level 27
West Tower, World Trade Centre
Echelon Square
Colombo 1
Sri Lanka

Registered No:

PV 64688

Bankers:

CITI BANK NA
SBI SRI LANKA

CAIRN LANKA (PVT) LTD – P V 64688

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY FOR THE PERIOD ENDED 31 MARCH 2015.

The Directors have pleasure in submitting their Report together with the Audited Statement of Accounts for the period ended 31 March 2015.

1. PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The Company has a 100% interest in the exploration area of block SL-2007-01-001 in Sri Lanka. The Company's principal activity is the exploration for commercial quantities of oil and/or gas.

During the period the Company made a loss of \$149,001,863 (2013:\$52,133,573). No dividend has been paid or declared in respect of the period ended 31 March 2015.

The first exploration phase for this block was for a period of 3 years commencing from 16th October 2008.

The phase-I exploration programme in the block SL 2007-01-001 (Sri Lanka) consisting of 1750 km² of 3D seismic and drilling of three exploration wells were completed in December, 2011, resulting in two sub commercial gas and condensate discoveries i.e. CLPLDorado-9H/1z and, the CLPL-Barracuda-1G/1.

Following this success, the Company entered second phase of exploration extending for two years from 15 October 2011. As part of Sri Lanka Phase II exploration program, 600 sq.km of 3D seismic) was acquired and another exploration well was drilled in 2013. The well CLPL-Wallago-50H/1 was abandoned as a dry hole.

Due to continued contractor studies and in-house analysis of both well and seismic data two consequent 6 months' extension was granted by the Government of Sri Lanka (GoSL) deferring the expiry of second phase from 15 October 2013 to 15 October 2014. In order to secure a JV partner before committing on work programme of phase III and to seek clarity from the Sri Lankan government with respect to gas commercialization issues, the company sought an additional year extension, which was granted by Government of Sri Lanka (GoSL) deferring the second phase expiry to 15 October 2015. This extension would be accompanied by a modest incremental work programme comprising of two separate seismic reprocessing projects.

The first reprocessing project (Lumina Sparse Layer Inversion) is completed and the second one (Broadband reprocessing of 450 Sq. kms 3D data) is in progress.

Finalization of gas commercialization terms and conditions is one of the prerequisites in taking the Dorado development ahead. Discussions on this matter have progressed beyond Cairn and PRDS but continue to be slow. Issues surrounding the development scheme and, in particular, gas pricing have been advanced from PRDS to the cabinet level in the form of a proposal paper. The outcome of cabinet deliberations is still awaited.

Since January 2014, Cairn has hosted six data room visits and the Sri Lankan assets were presented at London APPEX conference (March) and were featured at SEAPEX prospect expo in Singapore (April) and in Africa Oil conference in Cape Town (November). In addition, a third party (Moyes & Company) was engaged since late March to more broadly market the opportunities. Moyes has contacted 117 companies, concluded 5 Confidentiality Agreements, and hosted 1 physical data room. To date, no offer has been received.

1. **PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS (continued)**

As we approach the end of the third extension to Phase II, the above two factors of gas commercialization and equity farm-out remains unresolved and CIL's business strategy remains unchanged.

Under the current macroeconomic climate, the low materiality and high development cost of the Dorado and Barracuda discoveries, together with low volume, high-risk exploration potential of the license fail to justify further appraisal capital expenditure or exploration activity. Further, given the current level of gas prices and fiscal terms, the development of hydrocarbons in the said block is not commercially viable. Hence, the management has impaired the carrying value of the related assets. Consequently, the Directors have determined that the going concern basis of preparation of financial is no longer appropriate. Thus the accounts are prepared on non-going concern basis.

2. **FINANCIAL RESULTS**

The financial statements of the Company are given on page 9 to 26. During the year, the Company has impaired the exploration assets to bring down the carrying value as nil as the recoverable value is nil.

3. **AUDITOR'S REPORT**

The Auditor's Report on the Financial Statements is given on Page No.7 to 8.

4. **ACCOUNTING POLICIES**

The accounting policies and notes are given on page 13 to 26 in the Financial Statement and there were no material changes in the Accounting Policies adopted.

5. **INTEREST REGISTER**

The Company has passed a unanimous shareholder resolution to dispense with the requirement of Interest Register pursuant to Sec. 30 of the Companies Act No.07 of 2007.

6. **DIRECTORS**

The Board of Directors of the Company as at date are Mr.Sunil Bohra and Ms Neerja Sharma whose names are indicated on the page titled "Corporate Information" on Page 2.

The change to the Directorate of the Company during the period under review, are set out below:

Mr P Elango - Resigned w.e.f 28th May, 2014

Ms Neerja Sharma - Appointed w.e.f. 28th May 2014.

Mr. Sunil Yoveshchandra Bharati – Resigned w.e.f.19th Feb, 2015

Mr. Sunil Bohra – Appointed w.e.f.19th Feb, 2015

No remuneration has been paid to the Directors during the period under review.

7. **DIRECTORS INTERESTS IN CONTRACT**

Mr. Sunil Yoveshchandra Bharati, Ms Neerja Sharma, Mr. P Elango and Mr Sunil Bohra were not directly or indirectly involved in the contracts with the Company during the year.

8. **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

No subsequent event has taken place since 31 March 2015, the balance sheet date.

10. **CONTINGENT LIABILITIES**

The Company had no significant contingent liabilities accruing as at 31 March, 2015.

11. **CHARITABLE DONATIONS**

The Company did not make any charitable contributions in Sri Lanka during the period.

12. **CREDITORS PAYMENT POLICY**

It is the Company's payment policy to ensure settlement of suppliers' services in accordance with the terms of the applicable contracts. In most circumstances, settlement terms are agreed prior to business taking place.

13. **DISCLOSURE OF INFORMATION TO AUDITORS**

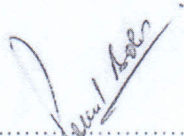
The directors of the Company who held office at 31 March 2015 confirm, as far as they are aware that there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and that the Company's auditors are aware of this information.

14. **AUDITORS**


The retiring Auditors Messrs Ernst & Young, Chartered Accountants, have signified their willingness to be re-appointed at a fee to be determined by the Board. The Audit fee payable for the period ended 31st March, 2015 amounted to LKR 627,500 (\$4,724) [2013: LKR 640,500 (\$4,894)].

The Auditor did not have any other relationship with the Company other than that of the Auditor, during the period under review.

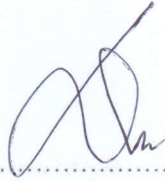
BY ORDER OF THE BOARD



.....
Sunil Bohra
Director



.....
Neerja Sharma
Director



.....
Secretary
Jacey and Company
Secretaries to Cairn Lanka (Pvt) Ltd

Date: 23 April, 2015



Ernst & Young
Chartered Accountants
201 De Saram Place
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Colombo 10
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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CAIRN LANKA (PRIVATE) LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Cairn Lanka (Private) Limited, ("the Company"), which comprise the balance sheet as at 31 March 2015 and the statement of comprehensive income, statement of changes in equity and, cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the period then ended in accordance with Sri Lanka Accounting Standards.

(Contd...2/)



Emphasis of Matter

We draw attention to Note 2.1.2 to these financial statements which indicate the preparation and presentation of these financial statements on a basis other than as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - the financial statements of the Company, comply with the requirements of section 151.

Sri Lanka Rupee Translated Financial Statements

We have audited the financial statements of Cairn Lanka (Private) Limited presented in United States Dollars for the period ended 31 March 2015 from which Sri Lanka Rupee translated financial statements in pages ii to ix have been derived.

We expressed an unqualified opinion on the financial statements from which the translated financial statements have been derived.

In our opinion, the Sri Lanka Rupee translated financial statements presented herewith are consistent in all material respect, with the United States Dollar financial statements from which they were derived, and have been properly translated on the basis described in Note 2.2.1.1 to these financial statements.

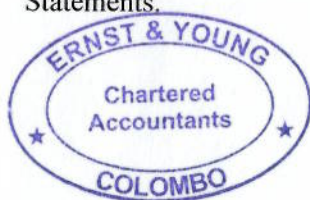
23 April 2015
Colombo

CAIRN LANKA (PRIVATE) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

Period ended 31 March 2015

		Period Ended	Year Ended
	Note	1 January 2014-	1 January 2013-
		31 March 2015	31 March 2013
		\$	\$
Cost of Sales			
Impairment of Assets		(146,966,958)	-
Exploration Costs written off	6	(1,026,063)	(51,544,867)
Gross Loss		(147,993,021)	(51,544,867)
Administrative Expenses	3	(52,536)	(101,807)
Operating Loss		(148,045,557)	(51,646,674)
Finance Cost	4	(1,174,611)	(520,242)
Other Gains	5	218,305	33,343
Loss for the period/year		(149,001,863)	(52,133,573)
Other Comprehensive Income		-	-
Total Comprehensive Income		(149,001,863)	(52,133,573)

The accounting policies and notes on pages 13 through 26 form an integral part of the Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED**BALANCE SHEET**

As at 31 March 2015

	Note	31 March 2015 \$	31 December 2013 \$
ASSETS			
Non-Current Assets			
Intangible exploration/appraisal assets	6	-	145,925,699
		-	145,925,699
Current Assets			
Inventory	6	1,081,658	-
Cash and cash equivalents	7	255,550	1,410,746
Time deposits	8	150,000	-
Other receivables	9	25	332
		1,487,233	1,411,078
Total Assets		1,487,233	147,336,777
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	10	170,390,000	170,390,000
Retained losses	11	(233,440,727)	(84,438,864)
Total Equity		(63,050,727)	85,951,136
Current Liabilities			
Trade and other payables	12	64,537,960	61,385,641
		64,537,960	61,385,641
Total Equity and Liabilities		1,487,233	147,336,777

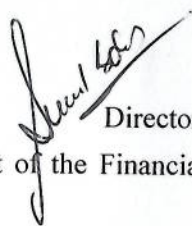
These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.


Finance Officer

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by:


Director


Director

The accounting policies and notes on pages 13 through 26 form an integral part of the Financial Statements.

23 April, 2015



CAIRN LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
 Period ended 31 March 2015

	Note	Stated Capital \$	Retained Losses \$	Total \$
As at 1 January 2013 1,910,543,842 shares of LKR 10	10	170,390,000	(32,305,291)	138,084,709
Loss for the year	11	-	(52,133,573)	(52,133,573)
As at 1 January 2014 1,910,543,842 shares of LKR 10		170,390,000	(84,438,864)	85,951,136
Loss for the period	11	-	(149,001,863)	(149,001,863)
As at 31 March 2015		170,390,000	(233,440,727)	(63,050,727)

The accounting policies and notes on pages 13 through 26 form an integral part of the Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED**CASH FLOW STATEMENT**

Period ended 31 March 2015

	Period Ended 1 January 2014- 31 March 2015 \$	Year Ended 1 January 2013- 31 December 2013 \$
Cash flows generated from/(used in) operating activities		
Loss before tax	(149,001,863)	(52,133,573)
Adjustments for:		
Impairment of Assets	146,966,958	
Exploration costs written off	1,026,063	51,544,867
Finance costs	1,174,611	520,242
Finance income	(6,342)	(33,343)
Unrealized foreign exchange difference	(61,495)	83,092
Operating loss before working capital changes	97,932	(18,715)
Increase/(decrease) in trade and other payables	(4,063)	3,425
Decrease in trade and other receivables	-	-
Net cash flows used in operating activities	93,889	(15,290)
Cash flows generated from/(used in) investing activities		
Expenditure on exploration/appraisal assets	(3,047,123)	(52,871,260)
Deposits made having original maturity of more than 3 months	(150,000)	-
Interest received	6,649	39,499
Net cash flows used in investing activities	(3,190,474)	(52,831,761)
Cash flows generated from/(used in) financing activities		
Interest paid	(1,174,611)	(289,695)
Net proceeds from related parties	3,116,224	38,745,000
Net cash flows generated from financing activities	1,941,613	38,455,305
Net (decrease)/increase in cash and cash equivalents	(1,154,972)	(14,391,746)
Cash and cash equivalents at the beginning of the year	1,410,746	15,802,532
Effect of exchange rate changes in cash	(224)	(40)
Cash and cash equivalents at the end of the period/year	7 255,550	1,410,746

The accounting policies and notes on pages 13 through 26 form an integral part of the Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2015

1. CORPORATE INFORMATION

1.1 General

CAIRN LANKA (PRIVATE) LIMITED (“Company”) is a private limited company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at level 27, West Tower, World Trade Centre, Echelon Square, Colombo 1.

During the period under review, the Company has decided to change the financial year end from 31 December to 31 March to align its reporting date that of its parent entity. Therefore, the current financial year consists of fifteen month period from 1 January 2014 to 31 March 2015. Subsequent financial years would be for twelve months period ending 31 March every year. Accordingly, as a result of this change in the accounting period and the basis of preparation of financial statements as detailed in note 2.1.2 and 2.1.3, the current year financial statements are not comparable with current previous financial year.

1.2 Principal Activities and Nature of Operations

The Company’s principal activity is the exploration for commercial quantities of oil and/or gas.

1.3 Parent Entity and Ultimate Parent Entity

The Company’s parent entity is CIG Mauritius Private Limited. Cairn India Limited is the intermediary parent entity in India. The ultimate controlling party of the Company is Volcan Investments Limited (“Volcan”). Vedanta Resources PLC is the intermediate holding Company of the Company.

1.4 Date of Authorization for Issue

The Financial Statements of the Company for the period ended 31 March 2015 were authorized for issue in accordance with a resolution of the board of directors on 23 April, 2015.

2.1 BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.1 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with new Sri Lanka Accounting Standards (commonly referred by the term “SLFRS”) as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements are in compliance with the Companies Act. No. 07 of 2007.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

2.1 BASIS OF PREPARATION (continued)

2.1.2 Going Concern

Under the current macroeconomic climate, the low materiality and high development cost of the Dorado and Barracuda discoveries, together with low volume, high-risk exploration potential of the license fail to justify further appraisal capital expenditure or exploration activity. Further, given the current level of gas prices and fiscal terms, the development of hydrocarbons in the said block is not commercially viable. Hence, the management has impaired the carrying value of the related assets

Consequently, the Directors have determined that the going concern basis of preparation of financial statement is no longer appropriate. Thus the accounts are prepared on non-going concern basis and all the assets and liabilities have been recorded at fair value.

2.1.3 Change in Accounting Policies

Accounting policies used in the preparation of current year financial statements have been changed as described in note 2.1.2 above. Accordingly specific accounting policies applied in the previous financial year in respect of the oil and gas intangible exploration/appraisal assets and property, plant & equipment -development/ producing assets, decommissioning, trade and other receivable and inventory are given in Note 2.2.5 to 2.2.7 and 2.2.9.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Foreign Currency Translation

The Financial Statements are presented in United State Dollars "\$", which is the Company's functional and presentation currency. Transactions in other than "\$" currency are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other than "\$" currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Exchange differences arising are taken to the Statement of Comprehensive Income except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset.

Rates of exchange to \$1 were as follows:

	31 March 2015	Average 1 January 2014- 31 March 2015	31 December 2013	Average 1 January 2013- 31 December 2013
Sri Lanka Rupee (LKR)	132.8328	130.6626	131.0960	129.5165
Indian Rupee (INR)	62.5908	61.0967	61.2866	59.0028

2.2.1.1 Sri Lanka Rupee Translated Financial Statements

"LKAS 21-The Effect of Change in Foreign Exchange Rates" is adopted in translating the Financial Statements to Sri Lanka Rupees. The Basis of translation is as follows:

- a) Assets and liabilities have been translated at the spot foreign currency exchange rate at the date of balance sheet



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2015

2.2.1.1 Sri Lanka Rupee Translated Financial Statements (continued)

- b) Income and expenses reflected in the Statement of Comprehensive Income have been translated at the foreign currency exchange rates prevailing on the date of transactions.
- c) Stated Capital has been translated using the exchange rate ruling as at the date of the transaction.
- d) All resulting exchange differences have been recognised as a separate component of equity.

2.2.2 Joint Venture

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 accounts for its share of assets, liabilities, income and expenditure of the Joint Venture in which the Company holds an interest, classified in the appropriate balance sheet and Statement of Comprehensive Income headings. The Company's principal licence interests are jointly controlled assets.

The Company has an interest in the following unincorporated Joint Venture:

	Working interest
Block SL-2007-01-001	100%

2.2.3 Taxation

(a) Current Taxes

Pursuant to the government gazette extraordinary no. 1695/6 dated 01 March 2011, the company is exempted from Inland Revenue Act.No.10 of 2006 in respect of corporate income taxes. This exemption is valid for a period of eight (08) years from 16 October 2008 to 15 October 2016 and on expiration of such period the prevailing general tax regime will be applicable. Further, under the said gazette, the Company is exempted from Value Added Tax Act (VAT) No.14 of 2002, Finance Act No.11 of 2002;(Imposition of Ports and Airport Development Levy), Finance Act No. 05 of 2005; (Construction Industry Guarantee Fund Levy), Exercise (Special Provisions) Act, No. 13 of 1989, Economic Service Charge Act No. 13 of 2006 and subject to certain stipulated conditions from Customs Ordinance (Chapter 235).

(b) Deferred Tax

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

2.2.4 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.



CAIRN LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2015

2.2.5 Oil and gas intangible exploration/appraisal assets and property, plant & equipment - development/ producing assets

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 Statement of Comprehensive Income.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held, undepleted, within exploration/appraisal assets until such a 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 exploration targets is capitalised initially within 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 exploration/appraisal costs are transferred into a single field cost centre within 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 Statement of Comprehensive Income.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within development/producing assets on a field by field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Statement of Comprehensive Income. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the Statement of Comprehensive Income to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Depletion

The Company depletes separately, where applicable, any significant components within development/producing assets, such as fields, processing facilities and pipelines which are significant in relation to the total cost of a development/producing asset.

The Company depletes expenditure on property, plant and equipment – development/producing assets on a unit of production basis, based on proved and probable reserves on a field by field basis. In certain circumstances, fields within a single development area may be combined for depletion purposes.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2015

Impairment

Exploration/appraisal assets are reviewed regularly for indicators of impairment and costs are written off where circumstances indicate that the carrying value might not be recoverable. In such circumstances the exploration asset is allocated to development/producing assets within the same geographic segment and tested for impairment. Any such impairment arising is recognised in the Statement of Comprehensive Income for the period. Where there are no development/producing assets within a geographic segment, the exploration/appraisal costs are charged immediately to the Statement of Comprehensive Income.

2.2.6 Decommissioning

At the end of the producing life of a field, costs are incurred in removing and decommissioning production facilities. The Company recognises the full discounted cost of dismantling and decommissioning as an asset and liability when the obligation arises. The decommissioning asset is included within property, plant & equipment – development/producing assets with the cost of the related installation. The liability is included within provisions. Revisions to the estimated costs of decommissioning which alter the level of the provisions required are also reflected in adjustments to the decommissioning asset. The amortisation of the asset, calculated on a unit of production basis based on proved and probable reserves, is included in the “Depletion and decommissioning charge” in the Statement of Comprehensive Income, and the unwinding of the discount on the provision is included within “Finance costs”.

2.2.7 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of impairment allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less impairment allowances for bad and doubtful receivables.

2.2.8 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.9 Inventory

Inventories of stores and spares related to production activities are valued at cost or net realizable value whichever is lower.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2015

2.2.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

2.2.11 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, and loans and receivables and available-for-sale financial assets. The Company holds financial assets which are classified as 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, with the exception of derivative financial instruments which are held at fair value through profit or loss.

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



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

3. ADMINISTRATIVE EXPENSES

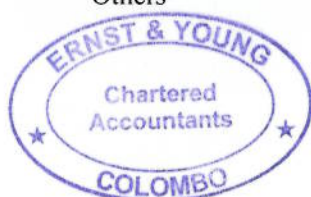
	Period Ended 1 January 2014- 31 March 2015	Year Ended 1 January 2013 31 December 2013
	\$	\$
Professional fees	52,536	18,484
Exchange loss	-	83,323
	<u>52,536</u>	<u>101,807</u>

4. FINANCE COST

	Period Ended 1 January 2014- 31 March 2015	Year Ended 1 January 2013 31 December 2013
	\$	\$
Bank charges	313	1,009
Bank guarantee fees	1,441	1,479
Interest on loan	1,172,840	517,619
Other finance cost	18	135
	<u>1,174,611</u>	<u>520,242</u>

5. OTHER GAINS

	Period Ended 1 January 2014- 31 March 2015	Year Ended 1 January 2013 31 December 2013
	\$	\$
Interest on deposits	6,342	33,343
Exchange gain	61,484	-
Others	150,479	-
	<u>218,305</u>	<u>33,343</u>



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

6. INTANGIBLE EXPLORATION/APPRaisal ASSETS

	31 March 2015	31 December 2013
	\$	\$
As at 1 January	145,925,699	145,170,688
Additions during the year/period	3,148,980	52,299,878
Exploration costs written off	(1,026,063)	(51,544,867)
Realisable value of stores and spares transferred to inventory	(1,081,658)	
Impairment of Assets	(146,966,958)	-
As at 31 March/December	<u>-</u>	<u>145,925,699</u>

7. CASH AND CASH EQUIVALENTS

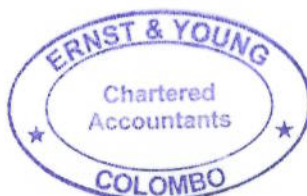
	31 March 2015	31 December 2013
	\$	\$
Cash and bank balances	20,550	5,744
Short-term bank deposits	235,000	1,405,002
	<u>255,550</u>	<u>1,410,746</u>

8. TIME DEPOSITS

	31 March 2015	31 December 2013
	\$	\$
Time deposits	150,000	-
	<u>150,000</u>	<u>-</u>

9. OTHER RECEIVABLES

	31 March 2015	31 December 2013
	\$	\$
Sundry debtors	25	332
	<u>25</u>	<u>332</u>



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

10. STATED CAPITAL

	\$
As at 1 January 2013 (1,910,543,842 fully paid ordinary shares)	170,390,000
As at 1 January 2014 (1,910,543,842 fully paid ordinary shares)	<u>170,390,000</u>
As at 31 March 2015 (1,910,543,842 fully paid ordinary shares)	<u><u>170,390,000</u></u>

11. RETAINED LOSSES

	31 March 2015 \$	31 December 2013 \$
As at 1 January	(84,438,864)	(32,305,291)
Loss during the period/year	<u>(149,001,863)</u>	<u>(52,133,573)</u>
As at 31 March/ 31December	<u><u>(233,440,727)</u></u>	<u><u>(84,438,864)</u></u>

12. TRADE AND OTHER PAYABLES

	31 March 2015 \$	31 December 2013 \$
Amount payable to:		
- Controlling entities – Cairn India Limited (Intermediary Parent Company)	-	33,746
- Controlling entities – CIG Mauritius Private Limited (Immediate Parent Company)	21,430,000	21,430,000
- Related entities – Cairn India Holdings Limited (Group Company)	41,495,000	38,575,547
Joint venture creditors	1,607,771	1,339,521
Sundry creditors including accrued expenses	5,189	6,827
	<u>64,537,960</u>	<u>61,385,641</u>



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

13. RELATED PARTY DISCLOSURES

	Period Ended	Year Ended
	1 January 2014-	1 January 2013
	31 March 2015	31 December 2013
	\$	\$
13.1 Transactions with controlling parties and related entities		
Controlling entities		
- Amount borrowed from CIG Mauritius Private Limited (Immediate Parent Company)	-	400,000
Related entities		
- Amount borrowed from Cairn India Holdings Limited (Group Company)	3,150,000	38,345,000
- Interest on loan from Cairn India Holdings Limited (Group Company)	1,172,840	517,619

13.2 Amount payable to controlling parties and related entities

Controlling entities		
- Payable to Cairn India Limited (Intermediary Parent Company)	-	33,746
- Payable to CIG Mauritius Private Limited (Immediate Parent Company)	21,430,000	21,430,000
Related entities		
- Payable to Cairn India Holdings Limited (Group Company)	41,495,000	38,575,547

Refer note 12 to these Notes to the Financial Statements for amounts due to related entities as at 31 March 2015.

14. COMMITMENT AND CONTINGENCIES

	31 March	31 December
	2015	2013
	\$	\$
14.1 CAPITAL EXPENDITURE COMMITMENT		
Exploration capital commitment	1,922,567	695,214
	1,922,567	695,214



14. COMMITMENT AND CONTINGENCIES (continued)

Due to continued contractor studies and in-house analysis of both well and seismic data two consequent 6 months' extension was granted by the Government of Sri Lanka (GoSL) deferring the expiry of second phase from 15 October 2013 to 15 October 2014. In order to secure a JV partner before committing on work programme of phase III, the company sought an additional year extension, which was granted by Government of Sri Lanka (GoSL) deferring the second phase expiry to 15 October 2015. An additional committed work program accompanies this latest extension, and comprises two seismic re-processing projects.

14.2 CONTINGENCIES

There are no contingencies as at 31 March 2015 (31 March 2014:nil)

15. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES

The Company's primary financial instruments comprise cash, short and medium-term deposits, money market liquidity funds, loans and other receivables and financial liabilities held at amortised cost. Other alternatives, such as equity finance and project finance are reviewed by the Group's Board, when appropriate, to fund substantial acquisitions of oil and gas development projects.

The Group's treasury function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It must also recognise and manage interest and foreign exchange exposure whilst ensuring that the Company has adequate liquidity at all times in order to meet its immediate cash requirements.

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Group's Board reviews and agrees policies for managing each of these risks and these are summarised below:

Liquidity risk

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company pays out its obligations from equity finance and funds received from the sole shareholder, CIG Mauritius Private Limited and Group Company, Cairn India Holdings Limited. The Company is therefore not exposed to liquidity risk.

Interest rate risk

Surplus funds are placed on short/medium-term deposits at floating rates. It is Cairn India Group's policy to deposit funds with banks or other financial institutions that offer the most competitive interest rate at time of issue. The requirement to achieve an acceptable yield is balanced against the need to minimise liquidity and counterparty risk.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

15. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES (continued)

The following table demonstrates the sensitivity of the Company's profit before tax to a change in interest rates (through the impact on floating rate borrowings and deposits).

	Increase/decrease in basis points	Effect on loss before tax
1 January 2014- 31 March 2015	50/-50	\$ 246,174 /(\$ 246,174)
1 January 2013- 31 December 2013	50/-50	\$113,580/(\$113,580)

The amounts calculated are based on actual drawings and deposits in the periods for 50 basis point movement in the total rate of interest on each loan or deposit.

Foreign currency risk

The Company 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 the Company is US dollars.

In order to minimise Company's exposure to foreign currency fluctuations, the company may enter into foreign exchange contracts in the applicable currency if deemed appropriate. The Company may also hold working capital balances in the same currency as functional currency, thereby matching the reporting currency and functional currency of most companies in the Company. This minimises the impact of foreign exchange movements on the Company's Balance Sheet.

Foreign currency risk (continued)

The following table demonstrates the sensitivity to movements in the \$: LKR, \$: INR, \$: AUD and \$: GBP exchange rates, with all other variables held constant, on the Company's monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on loss before tax \$
1 January 2014- 31 March 2015	
10% increase/decrease in Sri Lanka Rupee to \$	(492,027)/ 601,367
10% increase/decrease in Indian Rupee to \$	(10,178)/ 12,439
10% increase/decrease in AUD to \$	(4,291)/ 5,244
10% increase/decrease in GBP to \$	(198) 242
1 January 2013- 31 December 2013	
10% increase/decrease in Sri Lanka Rupee to \$	(43,180)/43,180
10% increase/decrease in Indian Rupee to \$	7,661/(7,661)
10% increase/decrease in AUD to \$	5,532/(5,532)
10% increase/decrease in GBP to \$	19,953/(19,953)



CAIRN LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2015

15. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk from investments with banks and other financial institutions is managed by the Group's Treasury functions in accordance with the Board approved policies. 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 respective Boards continually re-assess the Group's policy and update 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 (if any) other than that disclosed in note 9.

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

Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company 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 its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 December 2014.

The Company's capital and net debt were made up as follows:

	31 March 2015	31 December 2013
	\$	\$
Trade and other payables	64,537,960	61,385,641
Less cash and cash equivalents	(255,550)	(1,410,746)
Net debt	64,282,410	59,974,895
Equity	1,487,233	85,951,136
Capital and net debt	65,769,643	145,926,031
Gearing ratio	97.73%	41.10%



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

16. 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 March 2015 \$	31 December 2013 \$	31 March 2015 \$	31 December 2013 \$
Time Deposits	150,000	-	150,000	-
Cash and cash equivalents	255,550	1,410,746	255,550	1,410,746
Sundry debtors	25	332	25	332
	405,575	1,411,078	405,575	1,411,078

All of the above financial assets are current and unimpaired.

Financial liabilities	Carrying amount		Fair value	
	31 March 2015 \$	31 December 2013 \$	31 March 2015 \$	31 December 2013 \$
Joint Venture creditors	1,607,771	1,339,521	1,607,771	1,339,521
Amounts payable to group companies	62,925,000	60,039,293	62,925,000	60,039,293
Sundry Creditors	5,189	6,827	5,189	6,827
	64,537,960	61,385,641	64,537,960	61,385,641

17. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent event has taken place since 31 March 2015, the balance sheet date.



CAIRN LANKA (PRIVATE) LIMITED
SRI LANKA RUPEE TRANSLATED FINANCIAL STATEMENTS
31 March 2015

References to “the Company” or “Cairn” are reference to CAIRN LANKA (PRIVATE) LIMITED.

Amounts in the Financial Statements have been denominated in Srilanka Rupee (“LKR”) unless specifically stated otherwise.



CAIRN LANKA (PRIVATE) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 March 2015

		Period Ended	Year Ended
	Notes	1 January 2014-	1 January 2013-
		31 March 2015	31 March 2013
		LKR	LKR
Cost of Sales			
Impairment of Assets	6	(19,203,084,845)	-
Exploration Costs Written Off	6	(134,799,275)	(6,577,445,305)
Gross Loss		(19,337,884,120)	(6,577,445,305)
Administrative Expenses	3	(6,877,626)	(13,288,804)
Operating Loss		(19,344,761,746)	(6,590,734,109)
Finance Cost	4	(154,176,103)	(68,425,411)
Other Gains	5	29,052,886	4,227,822
Loss for the period/year		(19,469,884,964)	(6,654,931,698)
Other Comprehensive Income		-	-
Total Comprehensive Income		(19,469,884,964)	(6,654,931,698)

Notes on pages vi through x form an integral part of these Financial Statements.

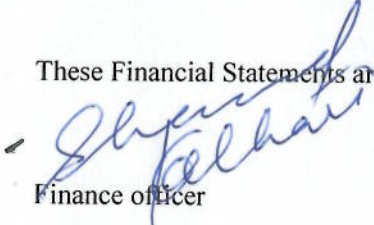


CAIRN LANKA (PRIVATE) LIMITED**BALANCE SHEET**

As at 31 March 2015


	Notes	31 March 2015 LKR	31 December 2013 LKR
ASSETS			
Non-Current Assets			
Intangible exploration/appraisal assets	6	-	19,099,937,477
		-	19,099,937,477
Current Assets			
Inventory	6	143,679,610	-
Cash and cash equivalents	7	33,945,475	184,649,801
Time deposits	8	19,924,920	-
Other receivables	9	3,321	43,470
		197,553,326	184,693,271
Total Assets		197,553,326	19,284,630,748
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	10	19,105,438,420	19,105,438,420
Translation reserve	11	2,267,686,813	2,422,987,386
Retained losses	12	(29,748,330,050)	(10,278,445,086)
Total Equity		(8,375,204,817)	11,249,980,720
Non-Current Liabilities			
		-	-
Current Liabilities			
Trade and other payables	13	8,572,758,143	8,034,650,028
		8,572,758,143	8,034,650,028
Total Equity and Liabilities		197,553,326	19,284,630,748

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


Finance officer

The board of directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the board by:


Director


Director

Notes on pages vi through x form an integral part of these Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED
STATEMENTS OF CHANGES IN EQUITY

Period ended 31 March 2015

	Note	Stated Capital LKR	Retained Losses LKR	Translation Reserve LKR	Total LKR
As at 1 January 2013		19,105,438,420	(3,623,513,388)	1,978,624,061	17,460,549,093
		-	-	-	-
Translation reserve	11	-	-	444,363,325	444,363,325
Loss for the year	12	-	(6,654,931,698)	-	(6,654,931,698)
As at 31 December 2013		19,105,438,420	(10,278,445,086)	2,422,987,386	11,249,980,720
Translation reserve	11	-	-	(155,300,573)	(155,300,573)
Loss for the period	12	-	(19,469,884,964)	-	(19,469,884,964)
As at 31 March 2015		19,105,438,420	(29,748,330,050)	2,267,686,813	(8,375,204,817)

Notes on pages vi through x form an integral part of these Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED**CASH FLOW STATEMENT**

Period ended 31 March 2015

	Period Ended 1 January 2014- 31 March 2015 LKR	Year Ended 1 January 2013- 31 December 2013 LKR
Cash flows generated from/(used in) operating activities		
Loss before tax	(19,469,884,964)	(6,654,931,698)
Adjustments for:		
Impairment of Assets	19,203,084,845	-
Exploration costs written off	134,799,275	6,577,445,305
Finance income	(829,080)	(4,227,822)
Finance cost	154,176,103	68,425,411
Other non-operating income	(20,056,730)	-
Unrealized foreign exchange difference	(132,475,853)	10,875,743
Operating loss before working capital changes	(131,186,404)	(2,413,061)
Increase/(decrease) in trade and other payables	(428,376)	687,004
Net cash flows used in operating activities	(131,614,780)	(1,726,057)
Cash flows generated from/(used in) investing activities		
Expenditure on exploration/appraisal assets	(375,647,657)	(6,950,668,136)
Deposits made having original maturity of more than 3 months	(19,924,920)	-
Interest received	869,186	5,004,747
Net cash flows used in investing activities	(394,703,391)	(6,945,663,389)
Cash flows generated from/(used in) financing activities		
Interest paid	(154,176,103)	(38,249,539)
Net proceeds from related parties	530,246,825	5,164,800,344
Net cash flows generated from financing activities	376,070,722	5,126,550,805
Net (decrease)/increase in cash and cash equivalents	(150,247,449)	(1,820,838,641)
Cash and cash equivalents at the beginning of the year	184,649,801	1,998,200,147
Effect of exchange rate changes in cash	(456,877)	7,288,295
Cash and cash equivalents at the end of the period/year	7 33,945,475	184,649,801

Notes on pages vi through x form an integral part of these Financial Statements.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

3. ADMINISTRATIVE EXPENSES

	Period Ended 1 January 2014- 31 March 2015 LKR	Year Ended 1 January 2013- 31 December 2013 LKR
Professional fees	6,877,626	2,382,811
Exchange loss	-	10,905,993
	<u>6,877,626</u>	<u>13,288,804</u>

4. FINANCE COST

	Period Ended 1 January 2014- 31 March 2015 LKR	Year Ended 1 January 2013- 31 December 2013 LKR
Bank charges	40,854	130,677
Bank guarantee fees	188,464	188,342
Other finance cost	2,305	17,238
Interest on loan	153,944,480	68,089,154
	<u>154,176,103</u>	<u>68,425,411</u>

5. OTHER GAINS

	Period Ended 1 January 2014- 31 March 2015 LKR	Year Ended 1 January 2013- 31 December 2013 LKR
Interest on deposits	829,080	4,227,822
Other income	20,056,730	-
Exchange gain	8,167,075	-
	<u>29,052,885</u>	<u>4,227,822</u>



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

6. INTANGIBLE EXPLORATION/APPRaisal ASSETS

	31 March 2015 LKR	31 December 2013 LKR
As at 1 January	19,099,937,477	18,356,557,673
Additions during the year	381,626,253	7,320,825,109
Exploration costs written off	(134,799,275)	(6,577,445,305)
Realisable value of stores and spares transferred to inventory	(143,679,610)	
Impairment of Assets	(19,203,084,845)	
As at 31 December	<u>-</u>	<u>19,099,937,477</u>

7. CASH AND CASH EQUIVALENTS

	31 March 2015 LKR	31 December 2013 LKR
Bank and cash balances	2,729,727	751,692
Short-term bank deposits	31,215,708	183,898,109
	<u>33,945,475</u>	<u>184,649,801</u>

8. TIME DEPOSITS

	31 March 2015 LKR	31 December 2013 LKR
Time deposits	19,924,920	-
	<u>19,924,920</u>	<u>-</u>

9. OTHER RECEIVABLES

	31 March 2015 LKR	31 December 2013 LKR
Other receivables	3,364	43,470
	<u>3,364</u>	<u>43,470</u>



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

10. STATED CAPITAL

	LKR
As at 1 January 2013 (1,910,543,842 fully paid ordinary shares)	19,105,438,420
As at 1 January 2014 (1,910,543,842 fully paid ordinary shares)	19,105,438,420
As at 31 March 2015 (1,910,543,842 fully paid ordinary shares)	19,105,438,420

11. TRANSLATION RESERVE

	31 March 2015 LKR	31 December 2013 LKR
As at 1 January	2,422,987,386	1,978,624,061
Recognized during the period/ year	(155,300,573)	444,363,325
As at 31 March/December	2,267,686,813	2,422,987,386

12. RETAINED LOSSES

	31 March 2015 LKR	31 December 2013 LKR
As at 1 January	(10,278,445,086)	(3,623,513,388)
Loss during the period/year	(19,469,884,964)	(6,654,931,698)
As at 31 March/December	(29,748,330,050)	(10,278,445,086)



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period ended 31 March 2015

13. TRADE AND OTHER PAYABLES

	31 March 2015 LKR	31 December 2013 LKR
Amount payable to:		
- Controlling entities Cairn India Limited (Intermediary Parent Company)	-	4,417,059
- Controlling entities – CIG Mauritius Private Limited (Immediate Parent Company)	2,846,606,904	2,804,931,983
- Related entities - Cairn India Holdings Limited (Group Company)	5,511,897,036	5,049,080,067
Joint venture creditors	213,564,967	175,327,345
Sundry creditors including accrued expenses	689,236	893,574
	<u>8,572,758,143</u>	<u>8,034,650,028</u>

14. RELATED PARTY DISCLOSURES

	31 March 2015 LKR	31 December 2013 LKR
14.1 Transactions with controlling parties and related entities		
Controlling entities		
- Amount borrowed from CIG Mauritius Private Limited (Immediate Parent Company)	-	52,355,240
-Amount borrowed from Cairn India Holdings Limited (Group Company)	418,423,320	5,018,904,194
-Interest on loan from Cairn India Holdings Limited (Group Company)	153,944,480	68,089,154
14.2 Amount payable to controlling parties and related entities		
Controlling entities		
- Payable to Cairn Mauritius Private Limited (Immediate Parent Company)	2,846,606,904	2,804,931,983
- Payable to Cairn India Limited (Intermediary Parent Company)	-	4,417,059
Related entities		
- Payable to Cairn India Holdings Limited (Group Company)	5,511,897,036	5,049,080,067

Refer Note 13 to these Notes to the Financial Statements for amounts due to related entities as at 31 March 2015.



CAIRN LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

15. COMMITMENT AND CONTINGENCIES

	31 March	31 December
	2015	2013
	LKR	LKR
15.1 CAPITAL EXPENDITURE COMMITMENT		
Exploration capital commitment	<u>255,379,928</u>	90,995,296
	<u>255,379,928</u>	<u>90,995,296</u>

Due to continued contractor studies and in-house analysis of both well and seismic data two consequent 6 months' extension was granted by the Government of Sri Lanka deferring the expiry of second phase from 15 October 2013 to 15 October 2014. In order to secure a JV partner before committing on work programme of phase III, the company sought an additional year extension, which was granted by GOSL deferring the second phase expiry to 15 October 2015. An additional committed work program accompanies this latest extension, and comprises two seismic re-processing projects.

15.2 CONTINGENCIES

There are no contingencies as at 31 March 2015.

16. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent event has taken place since 31 March 2015, the balance sheet date.

