SEADRILL LTD
Form 6-K
September 22, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2014
Commission File Number 001-34667

SEADRILL LIMITED

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [X]   Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ].

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ].

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached hereto as Exhibit 99.1 is a copy of the earnings release of Seadrill Limited (the "Company"), announcing the Company's results for the second quarter ended June 30, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	SEADRILL LIMITED	
	(Registrant)	
Dated: September 22, 2014		
		/s/ Georgina Sousa
	By:	Georgina Sousa
		Secretary

EXHIBIT 99.1

Seadrill Limited (SDRL) - Second quarter 2014 results

Highlights

- Seadrill Limited reports second quarter 2014 EBITDA* of US$641 million
- The Seadrill Group* on a consolidated basis reports record EBITDA of US$865 million
- Seadrill Limited reports second quarter 2014 net income of US$653 million and earnings per share of $1.29
- Seadrill Limited maintains quarterly dividend at US$1 per share
- Seadrill Group on a consolidated basis maintains orderbacklog of approximately US$20 billion
- Seadrill secures contracts for the jack-up units West Tucana, West Telesto, West Ariel, and West Prospero and extends contract for the West Mischief. The total revenue potential for the new contracts is approximately US$433 million.
- Seadrill sells 230 million shares of SapuraKencana raising approximately US$300 million in proceeds.
- Seadrill Partners completes US$1.1 billion add-on term loan B
- North Atlantic Drilling announces extensive Investment and Co-operation Agreement with Rosneft to partner in the Russian market.
- Seadrill secures a contract with Total for employment of the West Jupiter. The contract is for a firm period of 5 years and has a total revenue potential for the primary contract term of approximately US$1.1 billion inclusive of mobilization.

Subsequent events

- Seadrill and SapuraKencana's Joint Venture commenced operations of its first pipe-laying support vessel for Petrobras. The contract is for a period of five years with an extension option for an additional five years. Total revenue potential for the firm contract period is estimated at US$445 million.
- Seadrill receives a commitment for a US$1.35 billion credit facility to refinance the credit facilities secured by the West Pegasus, West Gemini, and West Orion.
- Seadrill completes voluntary exchange offer for US$650mm convertible bond
- Seadrill sells an additional 28% interest in Seadrill Operating LP to Seadrill Partners for approximately $373 million
- North Atlantic Drilling secures 5 contracts with Rosneft commencing in Russian waters from 2015 through 2017 with a total revenue potential for the primary contract term of US$4.1 billion.
- Seadrill secures a contract with ExxonMobil for employment of the West Saturn. The contract is for a firm period of two years plus a one year option and has a total revenue potential for the primary contract term of approximately US$497 million, inclusive of mobilization.
- North Atlantic Drilling enters into agreement to acquire a significant portion of Rosneft's land drilling fleet in Russia. Rosneft will receive a 30% ownership stake in NADL.
- Seadrill completes US$1.5 billion ECA facility to finance the West Saturn, West Neptune, and West Jupiter.

* EBITDA is defined as earnings before interest, depreciation and amortization equal to operating profit plus depreciation and amortization.
* Seadrill Group defined as all companies currently consolidated or formerly consolidated into Seadrill Limited

Financial information

Second quarter 2014 results
Revenues for the second quarter of 2014 were US$1,222 million compared to US$1,221 million in the first quarter of 2014.

Operating profit for the quarter was US$476 million compared to US$890 million in the preceding quarter. The decrease is primarily due to inclusion of the gain on sale of the West Auriga sale of US$440 million in first quarter results.

Net financial and other items for the quarter showed a gain of US$71 million compared to a gain of US$2,239 million in the previous quarter. The gain is primarily related to the sale of SapuraKencana shares and income received from Seadrill Partners of US$59 million, partially offset by a loss from Archer of US$5 million and a loss on derivative positions of US$95 million.

Income taxes for the second quarter were (US$106 million), a decrease of US$141 million from the previous quarter. The overall tax benefit for the quarter is primarily due to the release of a reserve following the resolution of uncertain tax positions.

Net income for the quarter was US$653 million representing basic and diluted earnings per share of $1.29 and $1.24, respectively.

Balance sheet
As of June 30, 2014, total assets were US$26,604 million, a decrease of US$887 million compared to the previous quarter.

Total current assets decreased to US$3,185 million from US$4,031 million over the course of the quarter, primarily driven by a decrease in cash and decrease in related party receivables from Seadrill Partners resulting from the refinancing of debt by Seadrill Partners.

Total non-current assets decreased to US$23,419 million from US$23,460 million primarily due to a decrease in non-current related party receivables from Seadrill Partners resulting from the refinancing of debt by Seadrill Partners offset by overall increases in newbuildings and drilling units.

Total current liabilities decreased to US$4,103 million from US$4,394 million largely due to a decrease in short term debt to related party as a result of settlement of balances with Seadrill Partners and a reduction in other current liabilities.

Long-term interest bearing debt decreased to US$10,025 million from US$10,728 million over the course of the quarter and total net interest bearing debt decreased to US$12,205 million from US$12,277 million. The decrease is primarily due to the repayment of third party debt related to Seadrill Partners rigs which was refinanced by Seadrill Partners and normal quarterly installments.

Total equity increased to US$10,747 million from US$10,673 million as of June 30, 2014, primarily driven by net income for the quarter and offset by dividends paid.

Cash flow
As of June 30, 2014, cash and cash equivalents were US$543 million, a decrease of US$369 million compared to the previous quarter.

Net cash provided by operating activities for the six month period ended June 30, 2014 was US$881 million and net cash provided by investing activities for the same period was US$1,100 million. Net cash used in financing activities was US$2,165 million.

Outstanding shares

As of June 30, 2014 common shares outstanding in Seadrill Limited totaled 468,890,719 including our holding of 360,214 treasury shares. Additionally, we had stock options for 2.3 million shares outstanding under various share incentive programs for management, of which approximately 646,000 are vested and exercisable. The Company currently holds a TRS agreement with exposure to 4 million shares in Seadrill which matures on September 3, 2014, with a strike price of NOK 234.2713 per share. Since June 30th, the number of shares outstanding has increased by 23.8 million shares following the voluntary conversion of the convertible bond due in 2017. The total number of shares outstanding after this is 493,078,684.

Operations
Offshore drilling units
During the second quarter, Seadrill had 17 floaters and 24 jack-up rigs in operation in Northern Europe, US Gulf of Mexico, Mexico, South America, Canada, West Africa, Middle East and Southeast Asia. Additionally Seadrill manages 9 Seadrill Partners rigs comprised of 6 floaters and 3 tender rigs. Seadrill also manages 3 tender rigs owned by SapuraKencana.

The Board is pleased with the operational uptime in the second quarter. Seadrill Limited floaters (drillships and semi-submersible rigs) achieved an economic utilization rate of 96% in the second quarter compared to 94% in the first quarter.

The economic utilization for the Seadrill Group floaters on a consolidated basis was 94%, a material improvement over the 88% utilization in the first quarter. Operational issues have been addressed and the Seadrill Group operated within the Board's targets during the second quarter.

Average economic utilization was 93% for our jack-up rigs in the second quarter compared to 97% in the preceding quarter. The decrease in uptime was largely a result of the mobilization of four units to Mexico.

Table 1.0 Seadrill Limited contract status offshore drilling units

Unit	Current client	Area of location	Contract start	Contract expiry
Semi-submersible rigs				
West Alpha **	ExxonMobil, Rosneft	Norway, Russia	Jan-14	Jul-22
West Venture **	Statoil	Norway	Aug-10	Jul-15
West Phoenix **	Total	UK	Jan-12	Oct-15
West Hercules	Statoil	Norway, Faroe Islands	Jan-13	Jan-17
West Eminence	Petrobras	Brazil	Jul-09	Jul-15
West Taurus	Petrobras	Brazil	Feb-09	Feb-15
West Orion	Petrobras	Brazil	Jul-10	Jul-16
West Pegasus	PEMEX	Mexico	Aug-13	Aug-16
West Eclipse	Total	Angola	Jan-13	Jan-15
West Mira (NB*)	Husky	South Korea - Hyundai Shipyard	Jun-15	Jun-20
West Rigel (NB*) **	Rosneft	Singapore - Jurong Shipyard / Russia	Aug-15	Jul-20
Sevan Driller ****	Petrobas	Brazil	May-10	June-16
Sevan Brasil ****	Petrobas	Brazil	Jul-12	Jul-18
Sevan Louisiana ****	LLOG	USA	May-14	Feb-17
Sevan Developer (NB*) ****		China - COSCO Shipyard		
Drillships				
West Navigator **	Shell, Centrica Enegi NUF, Rosneft	Norway	Jan-13	Jan-20
West Polaris	ExxonMobil	Angola	Mar-13	Mar-18
West Gemini	Total	Angola	Oct-13	Oct-17
West Vela	BP	USA	Nov-13	Nov-20
West Tellus	-	Las Palmas		

West Neptune (NB*)	LLOG	South Korea - Samsung Shipyard / USA	Dec-14	Dec-17
West Saturn	ExxonMobil	South Korea - Samsung Shipyard / Nigeria	Jan-15	Jan-17
West Jupiter (NB*)	Total	South Korea - Samsung Shipyard / Nigeria	Nov-14	Nov-19
West Carina (NB*)		South Korea - Samsung Shipyard		
West Aquila (NB*)		South Korea - DSME Shipyard		
West Libra (NB*)		South Korea - DSME Shipyard		
West Draco (NB*)		South Korea - Samsung Shipyard		
West Dorado (NB*)		South Korea - Samsung Shipyard		

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HE Jack-up rigs				
West Epsilon **	Statoil	Norway	Dec-10	Dec-16
West Elara **	Statoil	Norway	Mar-12	Mar-17
West Linus **	ConocoPhillips	Norway	May-14	May-19
BE Jack-up rigs				
West Defender	PEMEX	Mexico	Sep-14	Sep-20
West Resolute	KJO	Saudi Arabia, Kuwait	Oct-12	Oct-15
West Prospero	Lundin	Malaysia	May-14	May-16
West Courageous	PEMEX	Mexico	Sep-14	July-21
West Triton	KJO	Saudi Arabia, Kuwait	Aug-12	Nov-14
West Vigilant	Talisman	Malaysia	Nov-13	Nov-14
West Intrepid	PEMEX	Mexico	May-14	Jan-21
West Ariel	ENI	Republic of Congo	Aug-14	Aug-16
West Cressida	Kris Energy	Thailand	Aug-14	Sep-14
West Freedom	Repsol, Cardon IV	Trinidad & Tobago, Venezuela	Feb-14	Dec-16
West Callisto	Saudi Aramco	Saudi Arabia	Nov-12	Nov-15
West Leda	ExxonMobil	Malaysia	Mar-14	Mar-15
West Mischief	ENI	Republic of Congo	Dec-12	Apr-15
AOD-1 ***	Saudi Aramco	Saudia Arabia	May-13	May-16
AOD-2 ***	Saudi Aramco	Saudia Arabia	Jul-13	Jun-16
AOD-3 ***	Saudi Aramco	Saudia Arabia	Oct-13	Oct-16
West Tucana	PVEP, Cabina Gulf Oil Company Limited	Vietnam, Angola	Mar-14	May-17
West Telesto	Premier, Origin Energy Limited	Vietnam, Australia	Dec-13	Apr-15
West Castor	Shell	Brunei	Dec-13	May-16
West Oberon	PEMEX	Mexico	May-14	May-20
West Titania	On Location	PEMEX		
West Titan (NB*)		China - Dalian Shipyard		
West Proteus (NB*)		China - Dalian Shipyard		
West Rhea (NB*)		China - Dalian Shipyard		
West Tethys (NB*)		China - Dalian Shipyard		
West Hyperion (NB*)		China - Dalian Shipyard		
West Umbriel (NB*)		China - Dalian Shipyard		
West Dione (NB*)		China - Dalian Shipyard		
West Mimas (NB*)		China - Dalian Shipyard		

* Newbuild under construction or in mobilization to its first drilling assignment.
** Owned North Atlantic Drilling in which Seadrill owns 70.4 percent of the outstanding shares.
*** Owned by Asia Offshore Drilling in which Seadrill owns 66.2 percent of the outstanding shares.
**** Owned by Sevan Drilling in which Seadrill owns 50.11 percent of the outstanding shares.

Associated companies

Seadrill Partners

Seadrill Partners is a growth-oriented limited liability company formed by Seadrill Limited (NYSE: SDRL) to own, operate and acquire offshore drilling rigs with long term contracts. Seadrill Partners drilling rigs are under contracts with major oil companies such as Chevron, Total, BP and ExxonMobil with an average remaining contract term of 3.5 years. Seadrill Partners intends to grow its' position in the offshore drilling market by providing superior service to customers with a modern, technologically advanced fleet. The Company intends to leverage the relationships, expertise and reputation of Seadrill Limited to re-contract the fleet under long-term contracts and to identify opportunities to expand the fleet through acquisitions.

Seadrill currently owns a total of 42,819,100 units which consists of both common and subordinated units of Seadrill Partners which represents 51.1% of the total outstanding units in Seadrill Partners. This represent a gross value of US$1,440 million based on the closing share price of US$33.64 on August 26, 2014. Seadrill also owns 100% of the incentive distribution rights in Seadrill Partners and receives approximately US$2 million in quarterly IDR distributions. This is the initial IDR distribution received by Seadrill and based on the forecasted distribution growth at Seadrill Partners is expected to grow at an accelerated pace.

For more information on Seadrill Partners, see their separate quarterly report published on www.seadrillpartners.com.

North Atlantic Drilling ("NADL")

North Atlantic Drilling is a leading offshore harsh environment drilling company, aiming to be its customers' most important partner in making oil and gas available in a safe and cost-effective manner. The company has a fleet of eight harsh environment units in operation and one newbuild under construction. NADL's primary objective is to profitably grow its business to increase the long-term distributable cash flow to shareholders. The overall strategy is to focus on modern state-of-the-art offshore drilling units in harsh environments and the North Atlantic Basin.

Seadrill currently owns 169,663,723 shares in NADL or 70.4% of the Company, which represents a gross value of US$1,730.6 million based on the closing share price of US$10.23 on August 26, 2014.

For more information on NADL, see their separate quarterly report published on www.nadlcorp.com.

Archer Limited ("Archer")

Archer is an international oilfield service company specializing in drilling and well services listed on the Oslo Stock Exchange. Seadrill currently owns 231,053,240 shares in Archer, or 39.9%, which represents a gross value of US$398.0 million on the closing share price of NOK10.65 on August 26, 2014. Archer contributed a loss of US$5 million to our second quarter net income. After a weak performance in 2012 and 2013, management have done a solid job reorganizing the company and there are clear signs of improved operational performance. Archer is reported as part of investment in associated companies under other financial items. The book value of Seadrill's investment in Archer is US$1 million.

For more information on Archer Limited, see their separate quarterly report published on www.archerwell.com.

Sevan Drilling ASA ("Sevan Drilling")

Sevan Drilling is an offshore drilling company listed on the Oslo Stock Exchange. Sevan Drilling owns and operates three ultra-deepwater rigs of the cylindrical Sevan design in Brazil and the US GoM and has one additional rig of similar design under construction. The third rig, the Sevan Louisiana commenced operations on May 28th on a three year contract with LLOG in the Gulf of Mexico. The Board of Sevan Drilling expects delivery of the final newbuild in the fourth quarter 2014.

Seadrill's stake in Sevan is 50.1%, representing a gross value of US$136.9 million based on the closing share price of NOK2.84 on August 26, 2014.

For more information on Sevan Drilling, see their separate quarterly report published on www.sevandrilling.com.

Other investments

SapuraKencana Petroleum Bhd.("SapuraKencana")
SapuraKencana is a fully integrated Malaysian oil service provider listed on the Malaysian Stock Exchange.

On April 9, 2014 Seadrill sold 230 million shares of SapuraKencana raising US$296.5 million in proceeds net of transaction fees. The total gain realized from this sale was US$131.2 million. Seadrill continues to own 490 million shares, representing a 8.18% ownership stake. Tor Olav Trøim will continue to serve as a board member of SapuraKencana with John Fredriksen as an alternate director.

Based on the closing share price of MYR4.3 on August 26, 2014 the total value of our shares is US$667.0 million. We continue to invest in our Brazilian joint project in support of its PLSV newbuild program. The first vessel Sapura Diamante recently commenced operations for Petrobras. The contract is for a period of five years with an extension option for an additional five years. Total revenue potential for the firm contract period is estimated at $445 million. The vessel commenced its charter three months ahead of schedule on June 28, 2014 and has had a utilization of nearly 99% since start up.

The joint venture has ordered 5 additional PLSV vessels which are expected to commence operation before year end 2016. The construction of the vessels with IHC in Holland is progressing well and no delays or cost overruns are expected. All vessels are fixed on long term charter to Petrobras and total order backlog for the six vessels is approximately US$3.8 billion.

Additionally we continue to manage three tender rigs outside of Asia, and provide management administration and support services.

Seadrill remains a long-term strategic investor in SapuraKencana and, in connection with the sale, has entered into a lock up agreement for its remaining shares until the end of 2014. Seadrill will continue to support SapuraKencana's strategy of growing its broad offshore service portfolio. SapuraKencana has strengthened its position in the Asian market and has significant international growth opportunities. SapuraKencana's position as an integrated service provider and upstream leaseholder creates a competitive advantage. Seadrill expects many interesting cooperation opportunities going forward. We are very pleased with the way the partnership with SapuraKencana has developed and the value which has been created. We look forward to continued long term collaboration with one of our closest business partners.

Newbuilding program

Seadrill currently has 18 rigs under construction comprised of 7 Drillships, 3 Semi-submersibles, and 8 Jack-ups. The West Saturn was delivered on August 22nd and we expect to take delivery of the West Neptune this week. The West Jupiter is expected to be delivered in the next few weeks.

Total remaining yard installments for our newbuilds are approximately US$5.5 billion and US$1.4 billion has been paid to the yards in pre-delivery installments. With 18 newbuilds still to be delivered Seadrill is well positioned for future growth. Seadrill will refrain for the time being from ordering additional rigs until a clearer direction can be seen in the market.

As mentioned in our first quarter report, due to the high volume of deliveries taking place during 2014 and bottlenecks with equipment suppliers and subcontractors, it is likely several shipyards will not be able to meet contractual delivery dates. It appears likely that the West Carina and several of the four ultra-deepwater drillships scheduled for delivery in the second half of 2015 will be delayed by up to 6 months from their original delivery date. Seadrill has contractual rights to late delivery compensation in case the delay is caused by the yards and/or subcontractors and we continue to work with the yards to best manage our delivery schedule. Additionally, construction continues to progress for the Sevan Developer, however significant equipment delays from Cosco subcontractors will likely result in a delivery date in October 2014.

New contracts and contract extensions

During the second quarter of 2014, we have entered into the following contracts and contract extensions:

In April, Seadrill secured new contracts for the jack-up units West Tucana, West Telesto, West Ariel, and West Prospero and extended the contract for the West Mischief. The total revenue potential for the new contracts is approximately US$433 million.

In June Seadrill secured a contract with Total Upstream Nigeria Ltd for employment of the newbuild ultra-deepwater drillship West Jupiter, in support of the EGINA ultra-deep offshore project in Nigeria. The contract is for a firm period of 5 years and has a total revenue potential for the primary contract term of approximately US$1.1 billion inclusive of mobilization.

Subsequent to the conclusion of the Second Quarter we entered into the following contracts:

In July, North Atlantic Drilling announced that 5 binding offshore contracts have been executed with Rosneft. The total revenue potential for the six contracts exclusive of mobilization is approximately US$4.1billion. The executed contracts include 5 year contracts for the West Navigator, the West Rigel, the West Alpha, two harsh environment jack-up rigs, and a 2.5 year contract for a Gusto class Jack-up rig. These contracts commence in Russian and international waters from 2015 through 2017. The contracts can be cancelled by either party before November 10, 2014.

In August North Atlantic Drilling announced the agreement to acquire approximately 150 land rigs from Rosneft. The acquired units have been awarded 5 year contracts with Rosneft.

In August, Seadrill, in cooperation with indigenous partner Field Offshore Nigeria Ltd has secured a contract with Esso Exploration and Production Nigeria Limited, an ExxonMobil subsidiary, for employment of the newbuild ultra-deepwater drillship West Saturn, in support of the ERHA North Phase 2 project in Nigeria. The contract is for a firm period of two years plus a one year option and has a total revenue potential for Seadrill and Field Offshore Nigeria Ltd for the primary contract term of approximately US$497 million, inclusive of mobilization.

Seadrill Limited order backlog as of August 27 is US$18.2 billion and US$23.3 billion for the Seadrill Group on a consolidated basis. These figures include backlog related to Rosneft and exclude any backlog related to the pipelay vessels or Sete newbuild drillships. The total estimated contract backlog of the excluded contracts is US$12.5 billion.

For more detailed information regarding daily rates and contract durations including escalation, currency adjustment or other minor changes to daily rates and duration profiles, see our fleet status report or news releases on our website www.seadrill.com

Market development

The oil market fundamentals continue to be strong with high and stable oil prices. Except for very brief periods the oil price has remained above US$100 for the last 3.5 years and the global economy continues along its growth path following the financial crisis. Even with these strong macro fundamentals oil companies seem to be unable to generate free cash flow to grow their businesses and have entered into a period of selectivity on projects as costs escalated across their entire portfolio of projects. The current situation has some similarities to the situation in 2002-2003 when oil companies had limited free cash flow to develop new reserves. This led to an increase in oil price between 2003-2008 when Brent moved from approximately US$40 to US$100 and resulted in increased investment by the oil companies. Today, the the majority of low cost inventory has been produced and oil companies are entering a new phase in which recently discovered oil must be developed in order to grow production. These reserves are in the deep and ultra-deepwater and are far more complex than reserves discovered in prior periods. We can thereby assume that the amount of rig capacity which is needed to produce a barrel of offshore oil in the future will increase.

Over the long term, return on invested capital will be the ultimate driver of capital allocation decisions and the attractive economics of the deep and ultra-deepwater will lead to increased exploration and development spending in these regions. This view is supported by most of the major oil companies.

Ultra-Deepwater Floaters

The near term market for ultra-deepwater drilling units continues to be challenging partly driven by a reduction in exploration drilling which has led to a slower growth rate in overall upstream spending. However, there is evidence of positive developments in the number of tenders that have materialized for 2015 and 2016 projects. In the meantime, independent E&P's could potentially fill some of the exploration gap that has been created by the cuts in exploration spending from the major oil companies. Seadrill is currently working hard to secure this short term work on some of its near term availability, however competition is fierce. The reduced activity level for the major oils has also led to a number of sublets which again puts further pressure on the market.

The reported overall contracting activity has increased however we see some industry participants, especially those with older units and significant portions of their fleet requiring renewal in the short term, driving prices down. The uncertain cash flow profile of these older units is forcing contractors to make difficult decisions and lock up their best assets in order to gain some clarity on the near term outlook for their business. Older 4th and 5th generations assets are quickly losing pricing power and rates are falling faster than high-specification units. Many of these units are facing high capital expenditure requirements in order to remain part of the active fleet and owners of these assets face decisions to upgrade, swap out with a new unit, or retire the asset. We have seen two examples of this recently in Norway that may prove to be a leading indicator for trends in the global market. Worldwide, out of a total active floater fleet of approximately 300 units there are 128 units more than 25 years old. It is estimated that 70 of these units will be required to have 5 year classing surveys between now and 2017. The total cost for such a classifications can easily be in excess of US$100 million.

Seadrill remains in the best possible competitive position in the short term market while continuing to pursue longer term tenders that are on the horizon.

The longer term outlook for floaters remains solid. The number of newbuild announcements has rapidly declined and existing newbuild projects are extending delivery dates. Major oil companies continue to focus their activity on 6th generation units with high variable deckload capacity, dual BOP's, and dual activity capabilities in a bid to advance the safety and efficiency of the rigs they employ. Several oil companies are also now introducing requirements for managed pressure drilling equipment. This is not simply a matter of preference that can dissipate if customer preferences change. This migration to a higher specification fleet is in part dictated by the increasingly challenging project requirements of recent discoveries. Oil companies must now develop the challenging reserves discovered in recent years in order to replace reserves and grow production.

The main driver on the demand side will be the anticipated need to drill development wells to bring ultra-deepwater production from the present level of approximately 1.3 million barrels per day to 5 million barrels per day forecast in 2020. The delivery of 73 ultra-deepwater newbuildings from today until 2018 will increase capacity. However, it can be anticipated that a significant part of the 128 rigs that are more than 25 years old will be retired from service as they come up for classing surveys due to uneconomic classification budgets. At the same time, ordering of new rigs has more or less stopped which sets the framework for a sharp upturn when demand and supply again are balanced.

Activity in Brazil has shown the most notable improvement as Petrobras tendered their first new rig in three years and is progressing through the acceptance process for the 2015 extensions. Following a year when the market saw a number of rigs leaving the country this is certainly a step forward. Although a seemingly bearish sign to see rigs leaving the biggest operator, it was in fact a very natural market development and a perfect example of the bifurcation and fleet renewal that is occurring on a global scale today. In addition to Petrobras' initial tender and expected extension of six rigs that have contracts expiring in 2015, it is expected that an additional three to four assets will be needed in the sort term to meet drilling requirements on the Libra field, with up to ten units expected to be required in total.

The West African market continues to be an active region for tendering activity as oil companies' move into their next budgeting cycle. In particular we see opportunities in Nigeria, Angola, and Ghana as companies work through regulatory approval processes. As demonstrated by our contract announcements for the West Jupiter and West Saturn, tenders will get completed; however patience and working constructively with stakeholders are key for success. Additionally, there is a clear trend that going forward companies will need to develop a strong local presence to be competitive in these markets. Not only is there political pressure to increase local content, but also a clear economic benefit in replacing international workers with local crew.

The US Gulf of Mexico is the primary market that may see a pickup in short term exploration activity given the number of indigenous independent E&P companies in the region. We have already seen opportunistic independent oil and gas companies use the present market weakness to tender for projects where profitability has improved due to lower rig rates. We see some potential to fill in a portion of the exploration spending that has been cut by the major oil companies. Longer term opportunities will materialize, however we expect this to be pushed into 2015 and 2016 similar to other regions.

In Mexico, the energy reform process is progressing at an impressive pace. Following the acceptance of major oil companies into the region and the beginning of formal licensing rounds, demand for floaters should follow. Seadrill continues to be well positioned with PEMEX having operated the West Pegasus for the last 2.5 years with a high degree of success and more recently mobilizing 5 jack-ups to the region. In the intermediate term, prior to the awarding of licenses to major oil companies there may an opportunity for a number of additional floaters based on the current budgeted spending from PEMEX.

The demand outlook for Arctic Regions has improved materially over the course of the last year as Rosneft firmed up drilling plans for the Russian Arctic, Caspian and Black Seas. In order to retain drilling permits approximately 100 wells must be drilled over the next decade. North Atlantic Drilling's recent contract announcements as part of the broader Investment and Cooperation Agreement with Rosneft highlights the Group's first mover advantage in the region. Over time we expect the Russian Arctic to transform into one of the most unique and interesting opportunity sets globally. However, all is not bullish in the harsh environment areas. In Norway, Statoil is currently high-grading its fleet and forcing older units out of the region. It will take some time for this process to complete and rig owners may face difficult decisions around upgrading units. During this period it is likely that the bifurcation in pricing between more capable and less capable units will be exacerbated.

Premium jack-up rigs
Operators continue to appreciate the enhanced recovery factors that premium units provide and there is still a shortage of capable units in the near term. The medium term outlook for the business is a bit uncertain taking into account the 139 new units currently under construction. However, amongst a total global fleet of nearly 500 units, of which approximately half are 30 years old or more it appears that these supply additions are manageable in the long term. It also remains to be seen how many of the rigs under construction ultimately make it to the market given the number of thinly capitalized players pursuing newbuilds. Scrapping activity has subsided in light of the strong near term fundamentals; however it is likely that additional units are removed from the market as this building cycle advances.

From a regional perspective there is a slight oversupply in Southeast Asia due to the region's proximity to yards and the high number of regional players not equipped to operate outside the region. This has resulted in more attractive margins in West Africa, the Middle East, and Mexico. Seadrill has taken advantage of its position as a global operator with premium units and repositioned accordingly as contracts expire.

Corporate strategy, dividend and outlook

Growth and Investments
Seadrill has the highest percentage of its assets in premium classes amongst all drillers. 93% of our floater fleet is 6th generation ultra-deepwater and 100% of our jack-up fleet is high specification. We seek to keep this high exposure to premium asset classes intact with our investments, strategic M&A, and divestitures. This portfolio mix provides through-cycle outperformance by maintaining a higher utilization and stronger net cash flow.

During the second quarter Seadrill invested US$100 million in Seadrill Partners concurrently with Seadrill Partners' US$200mm public equity offering. Subsequently, Seadrill Partners acquired an additional 28% interest in Seadrill Operating LP for approximately US$373 million. After completion of the acquisition, Seadrill owns a 42% interest in Seadrill Operating LP. Seadrill expects to continue to participate in future equity offerings based on the merits of the investment.

The Board of Seadrill Partners has set high targets for growth and dividend distribution. The Board of Seadrill is comfortable that such high growth can be achieved based on dropdowns from Seadrill's existing fleet and funded by operating cash flow and by accessing the public debt and equity markets. The current weakness in the rig market can create opportunities for Seadrill Partners to acquire rigs with contracts from other operators that are not adequately capitalized.

In May Seadrill and North Atlantic Drilling announced an Investment and Co-operation agreement with Rosneft in order to pursue growth opportunities offshore and onshore in the Russian market through at least 2022. As part of the Agreement, 5 binding offshore contracts have been executed with Rosneft. The executed contracts include 5 year contracts for the West Navigator, the West Rigel, the West Alpha, and two harsh environment jack-up rigs. These contracts commence in Russian and international waters from 2015 through 2017. Additionally, NADL has agreed to acquire a significant portion of Rosneft's land drilling fleet in Russia. Rosneft will receive as consideration an approximate 30% stake in NADL by receiving primary shares at the price agreed upon in May of US$9.25 per share, but as the value of these shares are higher than the purchase price for the land business, Rosneft will pay the balance to NADL in cash. The transaction is expected to close during the fourth quarter of this year. According to the agreement, any break rights expire on November 10, 2014. Upon closing Rosneft will be entitled to appoint two of seven Board seats on NADL's Board of Directors.

The potential for additional demand for drilling services from Rosneft is high. An oil discovery in the University-1 well, where the West Alpha is currently drilling for Exxon and Rosneft in the Kara Sea, is a potential triggering event.

Revenue backlog

Seadrill Limited order backlog as of August 26, 2014 is US$18.2 billion and US$23.3 billion for the Seadrill Group on a consolidated basis. These figures include backlog related to Rosneft and excludes backlog related to the pipelay vessels and Sete newbuild drillships. The total estimated contract backlog of the excluded contracts is US$12.5 billion. For the Group, the average contract duration for contracted floaters is 37 months.

Orderbacklog for Seadrill Limited's floater fleet is US$12.6 billion
Orderbacklog for Seadrill Limited's jack-up fleet is US$5.5 billion, and US$400 million for tender units. Most capacity has been firmed up for the jack-up fleet. Assuming final conclusion of the Pemex contract for the West Titania, the average contract length for contracted jack-up units will be 32 months.

Financial flexibility
Since the beginning of 2014 Seadrill has secured US$7.3 billion in new financing commitments with a number of capital market and bank funding transactions. The Seadrill Group has gone to great lengths to diversify its sources of funding through opportunistic capital raises in the secured ECA, secured bank, unsecured bond, convertible bond, Term Loan B, and MLP markets. Having access to numerous markets reduces refinancing risk and leads to decreased cost of capital that ultimately maximizes value creation for shareholders. Seadrill's diversified funding strategy has resulted in the Company being in the best possible financial situation in the Company's history, with significant financial flexibility to support the dividend and prepared to act on attractive acquisition opportunities created by the temporary weakness in the market.

In June, Seadrill Partners completed a US$1.1 billion Term Loan B. The transaction, originally marketed as a US$1 billion facility and upsized to US$1.1 billion, is an add-on to the existing US$1.9 billion facility executed in February of this year and priced at the existing loan's rate of Libor plus 3%. This represents a continuation of the strategy to refinance the existing debt of rigs sold to Seadrill Partners at the partnership level and with a more appropriate amortization profile. With this financing, another important step in improving Seadrill Partners' financial structure is complete and the Company is well positioned for future growth. The addition of another two units to the Borrower Group increases contract duration and further diversifies the cash flows supporting the Company's credit. By upsizing the loan, the market has acknowledged Seadrill Partners' long term contracted cash flow, visible growth profile and high quality fleet.

During the remainder of the year we will continue to explore financing alternatives to refinance the remaining related party debt on the West Vencedor, T-15 and T-16 at the Seadrill Partners level and continue to release capital associated with dropdown transactions already executed.

Additionally in June Seadrill Partners priced a successful US$200 million equity offering in conjunction with a US$100 million private placement to Seadrill Limited. This was the first Seadrill Partners equity offering done without being linked to specific acquisition and demonstrates Seadrill Partners' strong track record in the equity markets. This strong performance has enabled a new level of flexibility as being ready for a dropdown does not always coincide with favorable equity market conditions.

Following the equity offering, in July Seadrill Partners acquired an additional 28% in Seadrill Operating LP for approximately US$373 million from Seadrill Limited. With a diversified fleet Seadrill Partners now has the flexibility to acquire operating company units. Going forward Seadrill expects to continue to dropdown additional units and sell operating company units to Seadrill Partners.

In July, Seadrill received commitments from 17 banks for a US$1.35 billion credit facility with a 5 year term and 10 year amortization profile to refinance the credit facilities secured by the West Pegasus, West Gemini, and West Orion. The transaction was initially launched as a US$900 million facility secured by two ultra-deepwater units. However, due to strong interest from the Company's banking group, the facility was upsized to US$1.35 billion by including one additional ultra-deepwater unit in the collateral package. The new loan was substantially oversubscribed, demonstrating the strength of Seadrill's credit in the banking market. This refinancing will provide Seadrill with roughly US$350 million in additional cash.

Seadrill also completed a US$1.5 billion ECA facility in July to finance three 2014 deliveries, the West Saturn, West Neptune, and West Jupiter. The Company is pleased with the progress to date in the market for ECA funding and looks forward to additional transactions with this strong lending group.

Additionally, we have received positive indications to support the funding of the remaining newbuilds to be delivered from shipyards in South Korea, Singapore and China, which is currently under consideration. These indications are based on a combination of ECA and commercial bank solutions similar to the recently concluded facilities.

Following the conclusion of these transactions, the Company will be left with one ultra-deepwater and four jack-up units to be refinanced in 2015 and one ultra-deepwater and four jack-up units in 2016, representing a total of US$1.2 billion to be refinanced.

Lastly in July, Seadrill successfully completed a voluntary exchange offer for its US$650mm convertible bond with a combination of cash and shares. As a result, total debt was reduced by US$650 million and the number of common shares increased by approximately 23.8 million shares.

The strength of Seadrill's funding strategy and credit profile is reflected in the numerous transactions described above. Similar to our best in class operating model and fleet profile, Seadrill has exacting standards in place for its funding strategy. This high standard leads to the tightest margins attainable and ultimately accrues to all stakeholders in the business via higher return on invested capital. By exploring numerous markets Seadrill ensures that the best pricing is made available in order to attractively fund our growth profile and support our dividend.

The development of the Seadrill Group into Seadrill Limited, NADL, Seadrill Partners, and Seamex and the increased standalone financing of these units has created a more balanced group. However, in the case of the deconsolidation of Seadrill Partners accounting effects negatively impacted our covenant calculations. In order to more appropriately align our covenants with the corporate structure, the Company has initiated discussions with our banks in order to include dividend income from non-consolidated companies as part of the EBITDA definition. The lead banks have supported this and the Company expects that a final conclusion can be reached in the second half of 2014.

The Seadrill Group's total secured bank debt as of June 30th represents approximately 55% of total Group debt outstanding. This illustrates the capital structure transformation the Company has gone through which has resulted in increased financial flexibility.

Other Significant Investments

We have investments in other listed offshore drillers and oil service companies. At present, Seadrill's investment portfolio includes a 39.9% holding in Archer Limited, an 8.18% holding in SapuraKencana, and a 51.1% holding in Seadrill Partners. In addition we hold 70.4% of North Atlantic Drilling, and 50.11% of Sevan Drilling.

At current market prices, the total net value of these investments is approximately US$4.4 billion.

The first of the six pipelay vessels, which we own in a 50/50 joint venture with Sapura Kencana, was completed by the yard on May 27th and commenced operations on July 3rd on a 5 year contract with Petrobras. The Board is pleased to observe that the construction of the vessel and build up of the organization has progressed in line with the original plan. After delivery all vessels will be employed on long term charters to Petrobras. Total orderbacklog of the charter arrangements are US$3.8 billion. The Board of Seadrill, together with our partner, is evaluating how the shareholders in Seadrill can extract maximum long term value from this non-core investment.

Quarterly Cash Dividend

The Board has in connection with the disclosure of second quarter results evaluated the current dividend level. Particular emphasis has been put on financial position, order backlog and future prospects. The Board has resolved to maintain the regular quarterly dividend at US$1.00 per share. The Board had communicated earlier that this dividend level is sustainable until at least the end of 2015. With the recent contract announcements and the solid execution on the financing side, the Board is pleased to report that we feel increasingly comfortable that this period can be extended well into 2016 without any significant recovery in the market. As future units are introduced into the fleet, operating results are likely to show strong growth. This, combined with a more efficient debt structure as achieved by the term loan B financing, creates opportunities for increased direct distributions to shareholders.

The ex-dividend date has been set to September 4, 2014, record date is September 8, 2014 and payment date is on or about September 18, 2014.

Outlook

The Board is very pleased with the strong operating performance during the second quarter. The management team and employees did an outstanding job working through the challenges during the first quarter and the benefits of a uniform fleet were realized. Operational excellence is a core focus of Seadrill. It leads to repeat business and has established the Company as the partner of choice for the world's leading oil companies.

In addition to operational excellence, Seadrill prides itself on being innovative; this is how best in class returns are generated for our shareholders. In 2005 we were the only driller to focus on high end assets that tend to be employed through the cycle. Industry participants recognized the success of this strategy and are attempting to replicate it to a degree. The evolution and maturity of Seadrill has brought us to a point in time where we are capable of providing both single assets and solutions to clients. This is what we have done in Mexico, Brazil, Saudi Arabia, and most recently with Rosneft. This is an evolutionary process that continuously keeps the Company on its front foot in order to drive growth and value creation for our shareholders. The establishment of subsidiaries also creates companies focused on a particular theme and better suited to accommodate the need for more local content. For Seadrill Partners it is long term contracts, and for North Atlantic, Arctic and harsh environments. This focus provides investors with an opportunity to participate in unique themes while at the same time providing the companies with new sources of funding.

After concluding the financing for the four 2015 and 2016 drillship deliveries Seadrill will only have a total of US$1.2 billion remaining to finance in 2015 and 2016.

The strong performance of Seadrill Partners' equity has added a new level of financial flexibility for the Company. The distribution growth at Seadrill Partners permitted the most recent offering to be executed without a specific transaction associated with it. We look forward to continuing to grow Seadrill Partners' distributions and asset base. A growth rate of at least 15% is targeted, achieved by additional drop downs and operating company unit acquisitions.

After a year with very few fixtures we have started to see some increased tendering activity, however this has not influenced dayrates, where the trend is still negative. 2014 and 2015 will be challenging years; however Seadrill Group has only one unit currently without and only 14 rig years uncommitted for 2015 out of a total fleet of 57 rig years, which translates to 76% contract coverage.

Out of the Seadrill Group's fleet of 51 delivered units only 2 units are built prior to 2000. By comparison our 5 major competitors have an average of 38 units each delivered prior to 2000. It is clear that our competitors will have significant challenges in maintaining earnings and supporting the upgrading and classification costs for these units.

The Board is pleased with the progress of the Investment and Cooperation Agreement with Rosneft. North Atlantic recently announced the signing of the first group of offshore units to enter the region representing US$4.25 billion in order backlog and the West Alpha spudded the first well in the Kara Sea in August. Subsequently, the acquisition of a significant portion of Rosneft's land drilling fleet was announced in August. The transaction is expected to close during the fourth quarter of this year and we look forward to a long and successful partnership with Rosneft. Following the signing of the offshore agreements new governmental regulations were announced that apply to offshore drilling activity in Russia. We are currently evaluating the situation and monitoring all developments.

Third quarter EBITDA is expected to be roughly in line with second quarter results for the Seadrill Group on a consolidated basis and the Group is on track to earn US$10 million in EBITDA per day by the end of the year. Expectations for the third quarter includes approximately 106 days of downtime experienced on our deepwater rigs quarter to date.

The current weakening of the market caused by the oil companies cash flow situation may create interesting opportunities to acquire rig assets and companies. Seadrill will evaluate these opportunities on a case by case basis. However, it should be stated that Seadrill's strong focus on maintaining dividend capacity and on modern assets clearly limits potential targets.

Forward-Looking Statements

This news release includes forward looking statements. Such statements are generally not historical in nature, and specifically include statements about the Company's plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. These statements are made based upon management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and therefore involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, which speak only as of the date of this news release. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to offshore drilling market conditions, contract backlog, dry-docking and other costs of maintenance of the drilling rigs in the Company's fleet, the cost and timing of shipyard and other capital projects, the performance of the drilling rigs in the Company's fleet, delay in payment or disputes with customers, fluctuations in the international price of oil, international financial market conditions including the international financial crisis, changes in governmental regulations that affect the Company or the operations of the Company's fleet, increased competition in the offshore drilling industry, and general economic, political and business conditions globally. Consequently, no forward-looking statement can be guaranteed. When considering these forward-looking statements, you should keep in mind the risks described from time to time in the Company's filings with the SEC, including its Registration Statement on Form 20-F.

The Company undertakes no obligation to update any forward looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, the Company cannot assess the impact of each such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward looking statement.

August 27, 2014
The Board of Directors
Seadrill Limited
Hamilton, Bermuda

Questions should be directed to Seadrill Management Ltd represented by:

Per Wullf: Chief Executive Officer and President
Rune Magnus Lundetræ: Chief Financial Officer and Senior Vice President

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Seadrill Limited

INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 2014 and 2013

(In US$ millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
Operating revenues	2014	2013	2014	2013
Contract revenues	1,114	1,145	2,206	2,340
Reimbursable revenues	73	110	109	174
Other revenues	35	13	128	19
Total operating revenues	1,222	1,268	2,443	2,533
Gain on disposals	—	—	440	61
Operating expenses				
Vessel and rig operating expenses	437	439	929	921
Reimbursable expenses	69	100	101	159
Depreciation and amortization	165	158	339	319
General and administrative expenses	75	64	148	136
Total operating expenses	746	761	1,517	1,535
Net operating income	476	507	1,366	1,059
Financial items and other income and expense				
Interest income	32	6	43	10
Interest expense	(124)	(96)	(242)	(204)
Share in results from associated companies	54	(26)	74	(24)
(Loss)/gain on derivative financial instruments	(95)	141	(132)	136
Foreign exchange gain	22	14	7	27
Gain on realization of marketable securities	131	—	131	—
Gain on sale of tender rig business	—	1,256		1,256
Gain on deconsolidation of Seadrill Partners	—	—	2,339	—
Other financial items	51	(3)	90	23
Total financial items and other income and expense	71	1,292	2,310	1,224
Income before income taxes	547	1,799	3,676	2,283
Income taxes	106	(49)	71	(93)
Net income	653	1,750	3,747	2,190
Net income attributable to the non-controlling interest	48	23	74	54
Net income attributable to the parent	605	1,727	3,674	2,136
Basic earnings per share (U.S. dollar)	1.29	3.68	7.82	4.55
Diluted earnings per share (U.S. dollar)	1.24	3.53	7.48	4.38
Declared regular dividend per share (U.S. dollar)	1.00	0.91	2.00	1.79

See accompanying See accompanying notes that are an integral part of these Consolidated Financial Statements. that are an integral part of these Consolidated Financial Statements.

Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the three and six months ended June 30, 2014 and 2013
(In US$ millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	653	1,750	3,747	2,190
Other comprehensive (loss) / income, net of tax:				
Change in unrealized (loss)/ gain on marketable securities, net	(81)	206	(193)	187
Change in unrealized foreign exchange differences	4	—	(23)	—
Change in actuarial loss relating to pension	(2)	7	(11)	5
Change in unrealized gain on interest rate swaps in VIEs and subsidiaries	(2)	2	(51)	4
Other	—	—	49	—
Other comprehensive (loss)/ income:	(81)	215	(229)	196
Total comprehensive income for the period	572	1,965	3,518	2,386
Comprehensive income attributable to the non-controlling interest	46	26	23	60
Comprehensive income attributable to the parent	526	1,939	3,495	2,326

See accompanying See accompanying notes that are an integral part of these Consolidated Financial Statements. that are an integral part of these Consolidated Financial Statements.

Seadrill Limited
UNAUDITED CONSOLIDATED BALANCE SHEETS
as of June 30, 2014 and December 31, 2013
(In US$ millions)

	June 30, 2014		December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents	543		744
Restricted cash	237		168
Marketable securities	933		416
Accounts receivables, net	824		1,042
Amount due from related party	346	366	101
Assets held for sale -current	76		—
Other current assets	226		363
Total current assets	3,185		2,834
Non-current assets			
Investment in associated companies	3,294		140
Marketable securities	607		666
Newbuildings	2,593		3,419
Drilling units	14,008		17,193
Goodwill	886		1,200
Restricted cash	126		150
Deferred tax assets	47		37
Equipment	47		49
Amount due from related party non-current	261		—
Assets held for sale - non-current	1,048		—
Other non-current assets	502		612
Total non-current assets	23,419		23,466
Total assets	26,604		26,300
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of long-term debt	2,147		1,566
Trade accounts payable	61		90
Short-term debt to related party	106		55
Liabilities associated with assets held for sale - current	57		—
Other current liabilities	1,732		2,114
Total current liabilities	4,103		3,825
Non-current liabilities			
Long-term debt	10,025		11,900
Long-term debt due to related parties	888		1,415
Deferred tax liabilities	73		60
Liabilities associated with assets held for sale - non-current	26		—
Other non-current liabilities	742		898
Total non-current liabilities	11,754		14,273
Equity			
Common shares of par value US$2.00 per share: 800,000,000 shares authorized 468,890,719 outstanding at June 30, 2014 (December 31, 2013, 468,978,492)	938		938

Additional paid in capital	2,690	2,641
Contributed surplus	1,956	1,956
Accumulated other comprehensive income	350	528
Retained earnings	4,198	1,449
Total shareholders' equity	10,132	7,512
Non-controlling interest	615	690
Total equity	10,747	8,202
Total liabilities and equity	26,604	26,300

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2014 and 2013
(In US$ millions)

	Six Months Ended June 30, 2014	2013
Cash Flows from Operating Activities		
Net income	3,747	2,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	339	319
Amortization of deferred loan charges	23	21
Amortization of unfavorable and favorable contracts	(53)	(12)
Amortization of mobilization revenue	(103)	(57)
Share of results from associated companies	(52)	24
Share-based compensation expense	5	3
Gain on disposals and deconsolidations	(2,779)	(1,327)
Unrealized gain / (loss) related to derivative financial instruments	36	(180)
Dividends received from associated companies	311	15
Deferred income tax	(8)	(19)
Unrealized foreign exchange loss / (gain) on long-term debt	(12)	(28)
Payments for long-term maintenance	(172)	(118)
Gain on realization of marketable securities	(138)	—
Other	(52)	(15)
Changes in operating assets and liabilities, net of effect of acquisitions and disposals		
Unrecognized mobilization fees received from customers	117	93
Trade accounts receivable	(34)	(207)
Trade accounts payable	4	22
Prepaid expenses/accrued revenue	(7)	26
Other, net	(291)	(79)
Net cash provided by operating activities	881	671

Cash Flows from Investing Activities		
Additions to newbuildings	(1,165)	(1,364)
Additions to drilling units and equipment	(145)	(350)
Sale of rigs and equipment	—	48
Business combinations and step acquisitions, net of cash acquired	—	(531)
Sale of business, net of cash disposed	673	1,991
Cash in deconsolidated subsidiaries	(90)	—
Change in restricted cash	(45)	(19)
Investment in associated companies	(367)	(104)
Purchase of marketable securities	(150)	—
Loan granted to related parties	—	(125)
Payments received from loans granted to related parties	2,082	10
Proceeds from disposal of marketable securities	307	—
Net cash provided/(used) in investing activities	1,100	(444)

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Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended June 30, 2014 and 2013
(In US$ millions)

	Six Months Ended June 30,	
	2014	2013
Cash Flows from Financing Activities		
Proceeds from debt	1,802	2,062
Repayments of debt	(2,651)	(1,388)
Debt fees paid	(14)	(31)
Proceeds from debt to related party	90	409
Repayments of debt to related party	(532)	(834)
Dividends paid to non-controlling interests	(35)	(33)
Contribution from non-controlling interests, net of issuance costs	114	—
Proceeds relating to share forward contracts and other derivatives	—	