

SEADRILL LTD
Form 6-K
June 09, 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 June 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 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 three months ended March 31, 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: June 9, 2014

By: */s/ Georgina Sousa*
Georgina Sousa
Secretary

Seadrill Limited (SDRL) - First quarter 2014 results

Highlights

From the effect of January 2, 2014, the financial results of Seadrill Partners LLC has been deconsolidated from the financial results of Seadrill. All figures presented in this report reflect deconsolidation unless otherwise stated. Please refer to note 4 for a more detailed description.

- Seadrill reports first quarter 2014 EBITDA* of US\$624 million excluding the gain on sale for the West Auriga
 - Seadrill reports pro forma consolidated EBITDA of US\$788 million
 - Seadrill reports first quarter 2014 net income of US\$3,094 million and earnings per share of \$6.54
 - Seadrill increases the ordinary quarterly cash dividend by 2 cents to US\$1.00 per share
 - Orderbacklog of US\$18.8 billion on a consolidated basis
 - North Atlantic Drilling completes private placement of US\$600 million unsecured bond issue maturing 2019
- North Atlantic Drilling completes its initial public offering of 13,513,514 common shares and began trading on January 29, 2014 on the New York Stock Exchange under the symbol "NADL".
- Seadrill Partners completes US\$1.8 billion Term Loan B and US\$100 million senior secured revolving loan
 - Seadrill completes placement of SEK 1.5 billion unsecured bond issue

Seadrill executes contracts for four Jack-up units with Pemex in Mexico and establishes SeaMex, a 50/50 Joint Venture with Fintech Advisory Inc.

Seadrill sells part of the ultra-deepwater drillship West Auriga to Seadrill Partners for US\$1.24 billion, financed with a US\$416 million equity offering and related party loans

Subsequent events

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 continues to own approximately 490 million shares, representing an approximate 8% ownership stake in SapuraKencana.

North Atlantic Drilling announces extensive Investment and Co-operation Agreement with Rosneft to partner in the Russian market.

* EBITDA is defined as earnings before interest, depreciation and amortization equal to operating profit plus depreciation and amortization.

Financial information

First quarter 2014 results

Revenues for the first quarter of 2014 were US\$1,221 million compared to \$1,469 million in the fourth quarter of 2014. The decrease is primarily due to the deconsolidation of the Seadrill Partners and downtime on the West Alpha, West Phoenix, West Pegasus, and West Polaris. Offsetting these items was the inclusion of the West Auriga, West Tellus, West Vela, West Castor, and West Telesto for a full quarter. On a consolidated basis revenues for the first quarter were US\$1,436 million.

Operating profit for the quarter was US\$890 million compared to US\$568 million in the preceding quarter. The increase is primarily a result of the gain on sale for the West Auriga and new rigs entering service. On a consolidated basis operating profit for the quarter was US\$574 million.

Net financial and other items for the quarter showed a gain of US\$2,239 million compared to a loss of US\$286 million in the previous quarter. The gain is primarily related to the gain recognized with the deconsolidation of Seadrill Partners, income received from Seadrill Partners of US\$39 million and from Archer of US\$5 million.

Income taxes for the first quarter were US\$35 million, an increase of US\$34 million from the previous quarter.

Net income for the quarter was US\$3,094 million representing basic and diluted earnings per share of \$6.54 and \$6.23, respectively.

Balance sheet

As of March 31, 2014, total assets were US\$27,491 million, an increase of US\$1,191 million compared to December 31, 2013.

Total current assets increased to US\$4,031 million from US\$2,834 million over the course of the quarter, primarily driven by an increase in related party receivables and marketable securities resulting from the deconsolidation of Seadrill Partners.

Total non-current assets decreased to US\$23,460 million from US\$23,466 million primarily due to changes related to the deconsolidation of Seadrill Partners in investment in associated companies, non-current related party receivables, drilling units, and newbuilds.

Total current liabilities increased to US\$4,394 million from US\$3,825 million largely due to an increase in short-term debt to related party.

Long-term interest bearing debt decreased to US\$10,728 million from US\$11,900 million over the course of the quarter and total net interest bearing debt decreased to US\$12,449 million from US\$13,874 million. The decrease is primarily due to the deconsolidation of Seadrill Partners.

Total equity increased to US\$10,673 million from US\$8,202 million as of March 31, 2014, primarily driven by net income for the quarter and proceeds from Seadrill Partners and NADL equity offerings, offset by a mark-to-market loss on our SapuraKencana and Seadrill Partner investments, and by dividends paid.

Cash flow

As of March 31, 2014, cash and cash equivalents were US\$912 million, an increase of US\$168 million compared to the previous quarter.

Net cash from operating activities for the three month period ended March 31, 2014 was US\$656 and net cash used in investing activities for the same period was US\$968 million. Net cash provided by financing activities was US\$1,456 million.

Outstanding shares

As of March 31, 2014 common shares outstanding in Seadrill Limited totaled 469,115,743 adjusted for our holding of 135,190 treasury shares. Additionally, we had stock options for 3.4 million shares outstanding under various share incentive programs for management, of which approximately 1.3 million are vested and exercisable. The Company currently holds a TRS agreement with exposure to 4.2 million shares in Seadrill which matures on June 3, 2014, with a weighted average strike price of NOK 218.3296 per share.

Operations

Offshore drilling units

During the first 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 disappointed with the operational uptime in the first quarter. Our floaters (drillships and semi-submersible rigs) achieved an economic utilization rate of 91% in the first quarter compared to 94% in the fourth quarter. The main issues affecting our first quarter performance were related to a BOP trip on West Pegasus, upgrade work on the West Alpha and other operational issues on the West Phoenix. The remaining rigs in Seadrill Limited ran with a utilization of 95%

The economic utilization on a pro forma consolidated basis was 88% and was negatively impacted by the West Aquarius which had an uptime of 33% due to mooring equipment failures.

Average economic utilization was 97% for our jack-up rigs in the first quarter compared to 97% in the preceding quarter.

Table 1.0 Contract status offshore drilling units

Unit	Current client	Area of location	Contract start	Contract expiry
Semi-submersible rigs				
West Alpha **	ExxonMobil	Norway, Russia	Jan-14	Jul-16
West Venture **	Statoil	Norway	Aug-10	Jul-15
West Phoenix **	Total	UK	Jan-12	Oct-15
West Hercules **	Statoil	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*) **		Singapore - Jurong Shipyard		
Sevan Driller ****	Petrobras	Brazil	May-10	May-16
Sevan Brasil ****	Petrobras	Brazil	Jul-12	Jul-18
Sevan Louisiana ****	LLOG	USA	May-14	Jan-17
Sevan Developer (NB*)		China - COSCO Shipyard		

Drillships				
West Navigator **	Shell - Centrica Enegi NUF	Norway	Jan-13	Dec-14
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	Chevron	Liberia	Jan-14	Jun-14
West Neptune (NB*)	LLOG		Oct-14	Oct-17

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			South Korea - Samsung Shipyard / USA	
West Saturn (NB*)			South Korea - Samsung Shipyard	
West Jupiter (NB*)			South Korea - Samsung Shipyard	
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	
HE Jack-up rigs				
West Epsilon **	Statoil	Norway	Dec-10	Dec-16
West Elara **	Statoil	Norway	Mar-12	Mar-17
West Linus **	ConocoPhillips	Singapore - Jurong Shipyard / Norway	May-14	May-19

BE Jack-up rigs

West Defender	PEMEX	In Transit, Mexico	Jun-14	Jun-20
West Resolute	KJO	Saudi Arabia, Kuwait	Oct-12	Oct-15
West Prospero	Lundin	Malaysia	May-14	May-16
West Courageous	PEMEX	In Transit, Mexico	Jul-14	May-21
West Triton	KJO	Saudi Arabia, Kuwait	Aug-12	Aug-15
West Vigilant	Talisman	Malaysia	Nov-13	Nov-14
West Intrepid	PEMEX	In Transit, Mexico	Jun-14	Jan-21
West Ariel	ENI	In Transit, Republic of Congo	Aug-14	Aug-15
West Cressida	PTTEP	Thailand	Nov-10	Aug-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	Nov-16
West Telesto	Premier, Origin Energy Limited	Vietnam, Australia	Dec-13	Mar-15
West Castor	Shell	Brunei	Dec-13	May-16
West Oberon	PEMEX	Mexico	May-14	May-20
West Titania	In Transit	In Transit		
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 percent of the outstanding shares.

*** Owned by Asia Offshore Drilling in which Seadrill owns 66 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. Seadrill Partners drilling rigs are under long-term contracts with major oil companies such as Chevron, Total, BP and ExxonMobil with an average remaining contract term of 3.7 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 39,635,400 shares in Seadrill Partners or 53.2% of the Company, which represents a gross value of US\$1,215 million based on the closing share price of US\$30.66 on May 27, 2014.

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 70.36% of the Company, which represents a gross value of US\$1,637 million based on the closing share price of US\$9.65 on May 27, 2014.

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 231,053,239 shares in Archer, which represents a gross value of US\$365 million based on the closing share price of NOK9.41 on May 27, 2014. On February 21, Archer announced an impairment charge to goodwill and other long lived assets of US\$430 million. Based on Seadrill's ownership of ~40%, Seadrill has reduced the book value of its investment to reflect this write down. Archer is estimated to contribute a gain of US\$5 million to our first quarter net income. Archer is reported as part of investment in associated companies under other financial items. Following the write down of goodwill and other long lived assets by Archer in Q4 2013, the book value of Seadrill's investment in Archer is US\$6 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 is expected to commence operations by the end of May 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 third quarter 2014.

Seadrill's stake in Sevan is 50.11%, representing a gross value of US\$159 million based on the closing share price of NOK3.17 on May 27, 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 30, 2013 Seadrill increased its ownership stake in SapuraKencana to 12% as a result of the integration of its tender rig business into SapuraKencana. The target was to develop a strong leading player in the Far East integrated service market. Since completion of this transaction, SapuraKencana has made significant progress integrating the two businesses and taking delivery of an additional 3 tender rigs under construction at the time of the transaction. This progress has partly been reflected in the positive share price development.

On April 9, 2014 Seadrill sold 230 million shares of SapuraKencana raising approximately US\$300 million in proceeds. The total economic gain realized from this sale is approximately US\$165 million. Seadrill continues to own approximately 490 million shares, representing an approximate 8% 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 MYR4.1 on May 27, 2014 the total value of our shares is US\$627 million. We continue to invest in our Brazilian joint project in support of its PLSV newbuild program, continue to manage and supervise the current tender rigs under construction, 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

During the first quarter, Seadrill took delivery of one harsh environment high specification jack-up unit, the West Linus and one high specification jack-up unit, the West Titania. We currently have 19 rigs under construction. The West Linus successfully commenced operations on a 5 year contract with ConocoPhillips on May 25.

Total remaining yard installments for our newbuilds are approximately US\$5.4 billion and US\$1.5 billion has been paid to the yards in pre-delivery installments. With 19 newbuilds still to be delivered Seadrill is well positioned for future growth. Seadrill, as a responsible market leader, will refrain for the time being from ordering more ultra-deepwater rigs until a clearer direction can be seen in the market. Seadrill does, however see opportunities for newbuilds backed by long term contracts in Arctic regions given the structural under supply in this unique market.

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. The yard has informed Seadrill that the West Saturn and West Carina will be delayed up to 6 months collectively from original delivery dates. In addition it appears likely that several of the four ultra-deepwater drillships scheduled for delivery in the second half of 2015 will be delayed by up to 6 months. Seadrill has contractual rights to late delivery compensations in case the delay is caused by the yards and/or subcontractors.

New contracts and contract extensions

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

In February, subsequent to the signing of a Heads of Agreement with Pemex in November 2013, Seadrill executed contracts for 4 out of the 5 jack-ups covered by the Heads of Agreement. The West Oberon, West Intrepid, West Defender, and West Courageous are now contracted for a firm term of 6 years each. The West Titania is currently in the process for approval. In conjunction with the execution of the initial contracts, Seadrill has formed SeaMex Ltd. (SeaMex), a 50/50 Joint Venture with Fintech Advisory Inc. SeaMex will own and manage the jack-up units as well as develop and pursue further opportunities in the region. With the establishment of SeaMex, we now have a strong local presence. We anticipate that this will provide a more efficient and cost effective operation with better access to a skilled local workforce and less need for expensive expat personnel.

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.

The West Tucana, a Friede & Goldman JU-2000E jack-up rig, secured a contract offshore Angola with Cabinda Gulf Oil Company Limited (CABGOC) - Chevron's wholly owned operating unit in Angola. The contract is for a firm period of 24 months. The total revenue potential for the primary contract term is approximately US\$168 million inclusive of an estimated US\$8.5 million of mobilization.

The West Telesto, a Friede & Goldman JU-2000E jack-up rig, secured a contract offshore Australia with Origin Energy Limited. The contract is for a firm period of two wells, expected to be 51 days each, plus two option wells. The total revenue potential for the primary contract term is approximately US\$31 million inclusive of mobilization.

The West Ariel, a Keppel FELS 'B' Class jack-up rig, secured a contract offshore Congo with ENI Congo SA. The contract is for a firm period of 12 months plus an option of 12 months. The total revenue potential for the primary contract term is approximately US\$89 million inclusive of an estimated US\$8.5 million of mobilization.

In addition, Eni Congo extended the charter for the LeTourneau Super 116-E jack-up rig West Mischief for four months at an increased day rate with a total revenue potential of US\$24 million.

The West Prospero, a Keppel FELS 'B' Class jack-up rig, secured a contract offshore Vietnam with JVPC. The contract is for a firm period of one well, expected to be 40 days. The total revenue potential for the primary contract term is approximately US\$6.5 million.

In May Seadrill signed an additional contract with Lundin offshore Malaysia for the West Prospero following its work with JVPC. The new contract is for a firm period of 2 years and the total revenue potential is US\$114 million.

Total consolidated order backlog as of May 27 is US\$18.8 billion and US\$13.3 billion standalone. These figures do not include any backlog related to the pipelay vessels or Sete newbuild drillships. Seadrill is in discussions with several other parties with respect to new contracts for jack-ups and floaters. In particular we are seeing progression in the discussions with Petrobras regarding extensions to the current two deepwater charters expiring in 2015. Additionally Seadrill remains confident that the West Jupiter and West Saturn will commence attractive drilling contracts after delivery from the yard. However, we see some short term challenges linked to direct continuation work for the West Tellus which is expected to complete its current drilling program with Chevron on June 27th.

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 the our website www.seadrill.com

Market development

Several new deepwater contracts have been announced recently indicating a dayrate level between 500 and 550k. There are reasons however to believe that some of our major competitors will accept rates levels for a sixth generation vessels in the 425 - 475k level. Currently, the market suffers from limited exploration drilling and delays in field developments from the major oil companies. The root cause of the muted activity level is the fact that many major oil companies are working in order to improve their cash generation. The outlook is further affected by sublets and by lower specification rigs trying to price themselves into a higher end market. The key question is when oil majors will resume tendering activity. To some degree, the decreased level of activity leads to further delays. Oil companies are trying to determine when dayrates will trough, thus are not compelled to sign contracts if they feel dayrates are still declining. Once a leading edge is defined others tend to be compelled to award contracts. To this point, in the recent weeks we have seen increased inquiries by both majors and independent operators following the establishment of a leading edge dayrate.

In the medium term, once oil majors begin contracting activity again, rates will be lower than the high rates experienced in 2013. Most of our major competitors are facing tough investment decisions due to the fact that a large percentage of their assets are in excess of 20 years old and will need significant upgrade investment to keep them running. Seadrill is in the beneficial position of not being forced to take many of these types of decisions. Seadrill's cash flow profile is strong due to a large contracted backlog with limited exposure to the current dayrate weakness.

The current uncertainty in the market has reduced newbuilding activities and only 7 rigs have now been ordered for 2016 delivery and 5 for 2017. These numbers exclude the Brazilian built rigs where a large degree of uncertainty remains as to actual delivery dates. These numbers are significantly lower than the 30 and 19 deliveries in 2014 and 2015 respectively.

Looking at the market as a whole, the acute challenges lie with fourth and fifth generation assets. The oil companies' new requirements after Macondo and the focus on increased water depth areas have significantly limited the contractibility of older equipment. The owners will face the choice of investing significant amounts into twenty or thirty year old assets in order to try to meet the new demands or simply just lay up the unit. Some contractors may also attempt asset swaps with new builds without a contract for older assets on long-term commitments, in an attempt to secure work for their premium units while saving cost on large capex upgrades. This results in the near term potential for more stacking of older units. According to Fearnley's a total of 51 units older than 25 years are required to undergo their special survey in the next 24 months. It has been shown from the prior cycles that such upgrades carried out by several of our competitors has had a materially lower return than Seadrill's focus on building a modern high specification fleet.

Ultra-deepwater floaters (>7,500 ft water depth)

Ultra-deepwater activity continues to be driven by the "Golden Triangle" of the US Gulf of Mexico, Brazil and West Africa. Since the year 2000 approximately 8 billion boe have been discovered in the ultra-deepwater, the majority of which have been in the golden triangle. Over the same time period only 500 million boe have been produced from ultra-deepwater regions. This represents a reserve to production ratio of approximately 16 for ultra-deepwater projects. This bodes quite well for expected future activity as the addition of reserves is a key strategic objective for major oil companies. The proving of reserves in these areas will mitigate declines in the R/P ratio following this period of inactivity. From an economic standpoint, the average cost of supply in ultra-deepwater regions is approximately \$56 per barrel. This is very attractive compared to the marginal cost of supply onshore North America of approximately \$65 per barrel. Over the long term, capital will be focused on more profitable projects, which are found in the ultra-deepwater.

In addition to the traditional ultra-deepwater regions, Mexico presents a particularly interesting opportunity for future work. Legislation is moving forward at an impressive pace and we expect the opening up of projects to potentially impact 2015 demand. Seadrill has operated the West Pegasus in Mexico for the last 2.5 years and has developed a solid operational track record and good working relationship with our customer, Pemex. The results from the exploration drilling campaign have been very encouraging. It is expected that the first Mexican deal with an international oil major will be concluded in the second half of 2014. As capital from major oil companies enters the country, demand for rigs is likely to follow.

Customers continue to focus their bidding activity on units that can provide dual BOP's, increased deck space and high variable deck load capacity.

Premium jack-up rigs (>350 ft water depth)

The market for high specification jack-up units continues to perform well. Operators have come to appreciate the increased recovery factors that new assets can provide. Coupled with the lack of building activity over the last decades there is still a shortage of capable rigs in the near term. Seadrill's execution of multiple contracts in Mexico, West Africa, Australia, and Southeast Asia are good examples of the tightness in the market today. From a regional perspective there is a slight oversupply in Southeast Asia compared to other regions due to many local players and the proximity to yards. This has manifested itself in somewhat better margins for work in other regions as can be seen by Seadrill's recent fixtures. In addition to attractive opportunities in Mexico, West Africa, and Australia, we also see positive developments in Brunei and Saudi Arabia.

The premium (350 feet in water depth and built post 2005) fleet continues to operate at greater than 95% utilization rates for the 6th successive quarter. The demand gap continues to grow as evidenced by the increase in number of open tenders, upward pressure on dayrates and increased contract durations worldwide. On the supply side, the pace of retirements continues to accelerate with more than 30 rigs leaving the market over the past two years, well in excess of the number scrapped in the prior 10 years. With approximately 60% of the global contracted fleet more than 30 years old we see a positive outlook for employment from the yard of newbuild jack-ups being built by established contractors. There are however some long term cautions linked to the fact that the orderbook for new high specification units now amounts to 144 units or approximately 50% of the number of rigs more than 30 years old.

Arctic Regions

Arctic regions are estimated to contain approximately 13% of the world's undiscovered oil and approximately 30% of undiscovered gas. Additionally, E&P spending in the region has grown at 11% annually over the last decade and expected to increase by 8% annually through 2018. Coupled with an aging fleet and few assets suitable to operate in the harsh environment, the fundamentals are solid. The Arctic is expected to be one of the highest growth regions globally in the years to come. Seadrill and North Atlantic Drilling have seized this opportunity and established

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 these proposed opportunities, NADL will enter the onshore drilling market in Russia and enter into contracts for multiple offshore assets. In addition Rosneft will be acquiring a significant equity stake in NADL. As part of the Agreement, a number of long term contracts for NADL's near-term availability are expected to be signed as well as a commitment to future contracts and newbuild projects. The Agreement envisions initial employment of up to 9 offshore rigs to Rosneft with a total commitment of 35 rig years.

North Atlantic's semi-submersible rig the West Alpha currently drilling for ExxonMobil has undergone significant upgrades in preparation for Arctic operation. The rig will initially be used to drill a significant offshore prospect in the Kara Sea for a joint venture between Rosneft and ExxonMobil in August. According to Rosneft this is likely to be one of the highest impact wells to be drilled globally this year and if successful may trigger a significant amount of additional drilling. North Atlantic is well positioned to meet such a demand.

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 first quarter Seadrill invested US\$25 million into North Atlantic Drilling as part of the NYSE IPO in order to demonstrate continued support of an important part of the Group and based on the fundamentals of the Arctic regions.

Additionally during the first quarter Seadrill invested US\$50 million in Seadrill Partners as part of the equity offering to finance the West Auriga dropdown. Seadrill expects to continue to participate in future equity offerings based on the merits of the investment. Seadrill expects to execute additional financing transactions, similar to the term loan B, to unlock related party loans used to finance the West Auriga, West Capricorn, West Vencedor, T-15 and T-16.

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.

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. Seadrill, after the initial transaction, will remain the largest shareholder in NADL. As part of the Agreement, a number of long term contracts for NADL's near-term availability are expected to be signed as well as a commitment to future contracts and newbuild projects. The Agreement envisions initial employment of up to 9 offshore rigs to Rosneft with a total commitment of 35 rig years.

Revenue backlog

As of May 27, 2014, our consolidated orderbacklog is US\$18.8 billion and US\$13.3 billion excluding Seadrill Partners. Orderbacklog for our floater fleet is US\$14.1 billion, US\$4.3 billion for our jack-up fleet, and US\$400 million for our tender units. The order backlog provides clarity for future earnings as well as generates visibility for dividend capacity. The average contract duration for contracted floaters is 33 months.

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\$3.2 billion in new financing commitments with a number of capital market and bank funding transactions. This level of activity was pursued in order to position the Company in the best possible financial situation in light of the current market environment. We are pleased with our ability to execute across multiple markets in a tight time frame leaving Seadrill in its strongest financial position in recent memory. We are confident that this funding strategy has provided Seadrill with the financial flexibility to take advantage of the current market environment while supporting the dividend, rather than being forced to take defensive actions.

In January, the NYSE IPO of North Atlantic Drilling (NADL) at US\$9.25 per share was completed. NADL raised US\$125 million of primary proceeds in order to further capitalize NADL's fleet. Seadrill participated with the purchase of US\$25 million in the equity offering in order to demonstrate its continued support of an important part of

the Group. In addition to the NYSE IPO, NADL also raised US\$600 million in the unsecured US Bond market. The primary use of proceeds was to repay a US\$500 million 7.75% unsecured bond due in 2018 held by Seadrill Limited. The bond priced at 6.25%, saving NADL 150 basis points relative to the previous bond.

In February, Seadrill Partners completed a US\$1.8 billion Term Loan B with a US\$100 million revolving credit facility. The prior back to back loan structure with Seadrill Limited had an aggressive amortization profile that was not optimal for Seadrill Partners. The 1% amortization profile of the new facility will maximize distributable cash flow and create additional headroom for future acquisitions. In conjunction with this offering Seadrill Partners obtained a credit rating of BB-. We believe that as a rated entity Seadrill Partners' access to and cost of funding will be improved, thus increasing financial flexibility.

The transaction released approximately US\$540 million for Seadrill Limited by refinancing related party loans and the revolver in the public markets. During the remainder of the year we will continue to explore financing alternatives to refinance related party debt at the Seadrill Partners level and continue to release capital associated with dropdown transactions already executed.

In March, Seadrill sold all of the ownership interests in the entities that own and operate the drillship, the West Auriga to Seadrill Capricorn Holdings LLC, Seadrill Partners' 51% owned subsidiary. Seadrill owns the remaining 49% interest in Capricorn Holdings. The implied sale price of the Auriga Acquisition was \$1.24 billion. In conjunction with the transaction, Seadrill Partners raised US\$416 million in equity. Seadrill elected to participate in US\$50 million of the equity offering in order to demonstrate our continuing support for Seadrill Partners and based on the attractiveness of the investment. The total cash proceeds to Seadrill amounted to US\$305 million. We expect additional dropdowns at an accelerated pace. Seadrill Partners provides significant financial flexibility at an attractive cost of capital and is an important part of the Seadrill Group going forward.

The share price of Seadrill Partners continued its positive development since the IPO in October 2012. The share price as of May 27 is US\$30.66 and values the drilling units in Seadrill Partners at a significant premium to Seadrill's current valuation.

Additionally in March, Seadrill completed the placement of a 1.5 billion Swedish Kroner unsecured bond to replace the NOK 1.25 billion bond that matured in February. This represents Seadrill's first issuance in the Swedish bond market and further enhances the Company's financial flexibility. The bond priced at an 3.25% spread to STIBOR and was swapped to a fixed rate of 5.2%.

Subsequent to the end of the first quarter, Seadrill sold 230 million shares of SapuraKencana raising approximately US\$300 million in proceeds. The total economic gain realized from this sale is approximately US\$165 million. Following the completion of this transaction Seadrill will continue to own approximately 490 million shares, representing an approximate 8% ownership stake in SapuraKencana. 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.

Seadrill is in the process of completing the funding for three of the 2014 deliveries, the West Saturn, West Neptune, and West Jupiter with anticipated signing of the agreement during the second quarter of 2014. 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 ECA facility agreement that is in the process of finalizing.

Seadrill took delivery and financed a total of 2 newbuilds in the first quarter of 2014 and expects to take delivery of 5 during the remainder of 2014, 11 in 2015, and 3 in 2016. We continue to view the secured bank funding and ECA markets as best suited for our newbuild program and look opportunistically to refinance these facilities in the capital markets.

The strength of Seadrill's credit continues to be appreciated by the bank market where we have experienced significant new lending capacity at attractive margins. The level for longer term financing has been reduced from approximately 2.75-3% above Libor a year ago to a level between 2-2.25% today. We see the banks' increased confidence as supportive to our strategy of concentrating on modern assets supported by a strong backlog from first class customers. Significant bank capacity has been freed up in connection with the term loan B financing. This is likely to

create further attractive opportunities.

Seadrill has made significant progress in diversifying its sources of funding thus far in 2014. The Company continued to access the unsecured bond market, secured ECA funding, and MLP dropdowns, in addition to Seadrill Partners obtaining a BB- rating and issuing a term loan B in the US market. Going forward we expect to be opportunistic in all markets we are active in and continually look for innovative funding sources in order to improve the cost and availability of capital to Seadrill. The Board is pleased to observe that Seadrill's financial flexibility and liquidity position has never been stronger and wants to give credit to management and employees involved for the results achieved. The Board is confident that the remaining newbuild program can be financed without tapping the equity market. Due in large part to the funding activity executed during 2013 and thus far in 2014, Seadrill is well positioned to weather the current challenging drilling market and capitalize on M&A opportunities that may materialize.

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 8.2% holding in SapuraKencana, and a 53.2% holding in Seadrill Partners. In addition we hold 70% of North Atlantic Drilling and 50.11% of Sevan Drilling.

At current market prices, the total net value of these investments is approximately US\$3.6 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 27. The PLSV will be now be mobilized to Brazil and commence its 8 year charter 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 arrangement is US\$2.7 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 first quarter results evaluated the current dividend level and prospects and has resolved to increase the regular quarterly dividend by 2 cents to US\$1.00 per share. The Board is highly confident that the dividend is sustainable in the coming years. 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 create opportunities for direct distributions to shareholders.

As discussed on our last quarterly conference call, the Board, as an indicative guideline, has decided to create an additional dividend capacity fund by preserving approximately 20% of any net proceeds from MLP dropdowns. The remaining 80% will be used for reduction of existing debt and future growth. Thus far Seadrill has raised approximately US\$663 million in net proceeds from MLP dropdowns, setting aside US\$133 million for additional dividend capacity, or 28 cents per share. Seadrill is currently trading at a yield of 10.65% based on an annual future dividend of US\$4.00 per share. Therefore, the Board for the time being will reserve these funds for later distribution, buyback of shares, or dividend in kind to the direct benefit the shareholders.

The ex-dividend date has been set to June 10, 2014, record date is June 12, 2014 and payment date is on or about June 19, 2014.

Outlook

Even in light of the positive long term fundamentals, the near term outlook for the ultra-deepwater market continues to be challenged. The first quarter of 2014 saw only 7 ultra-deepwater rig years contracted which represents the lowest quarter of activity since the fourth quarter of 2009 during the financial crisis. Clearly this level of activity is unusual, especially given the high and stable oil price environment we are currently experiencing. At the outset of this soft period Seadrill was of the opinion that oil companies would invest in profitable projects in the deep and ultra-deepwater while slowing spending on more marginal projects. It was not expected that activity would come to a virtual halt while oil companies worked through their forward budgeting process. However, we are confident that the expected trend will materialize in the quarters to come when contracting activity resumes. It is interesting to observe that approximately 75% of the deepwater fleet today is employed on development drilling projects, while this level was significantly lower a few years ago. As an illustration of the need for development drilling it should be mentioned that Petrobras is currently utilizing over 20 rigs to develop pre-salt fields. This has resulted in a production level of approximately 400 thousand barrels per day.

The competitive dynamics today are not entirely visible due to the lack of fixtures, however Seadrill sees most contractors defending utilization. The Company believes this is due to concerns around the cash flow profile of older 4th and 5th generation assets. Conventional wisdom says that older units should work until rates go down to cash flow break even less the cost to stack the rig, however companies must add back the cost to class a unit. 15 year old assets may require up to US\$100 million to keep in working condition. Seadrill believes this will lead to more units leaving the market as rates drop below the real breakeven rate. Importantly, Seadrill is not exposed to these asset

classes. Seadrill has focused its efforts on building a best in class fleet that retains pricing power and utilization by investing in new assets and divesting older units.

Seadrill took delivery of its first Deepwater rig the West Sirius in 2008. The rig's total cost when it commenced operation was less than US\$500 million. The rig has operated successfully with an average utilization of 95% since start up and is currently drilling for BP in US Gulf of Mexico. The aggregate EBITDA for the rig since start up has been approximately US\$660 million. The rig completed its 5 year special survey in 2013 for less than US\$20 million. At the same time the West Sirius was ordered several of our competitors decided to upgrade old units . In several cases these upgraded units had an aggregate capex cost of more than US\$800 million and significantly lower EBITDA contribution over a similar time frame. Today the units have few if any buyers. This illustrates in a very simple way the benefits of the Seadrill strategy.

Seadrill has limited exposure to current dayrates with estimated floater coverage in 2014 and 2015 of 96% and 66% respectively. Additionally, during the last year, the Company has materially improved financial flexibility and reduced the remaining capex requirements through the delivery of newbuilds.

This near term exposure will be further reduced by NADL's Investment and Co-operation Agreement with Rosneft to partner in the Russian Market. In the Board's opinion this significantly improves the visibility of the business. NADL has sought to access the growth opportunity represented by the Russian market for several years, and the Board is very pleased to have reached an agreement with Rosneft. The Russian market is one of the most attractive opportunities in the world and offers tremendous growth potential. By partnering best in class drilling with a supermajor who produces over 5 million barrels per day, a powerful force has been created in the Russian market and for Arctic regions on a global basis. We look forward to closing this important transaction and working with Rosneft for many years to come. The working relationship with the Russians is very good and the parties see significant joint value in working together.

Operationally, the Board and management team are not satisfied with the performance year to date. The consolidated utilization rate of 88% for floaters is below the standards set for the Company. The West Aquarius, West Capricorn, West Alpha, West Phoenix, and West Pegasus have experienced a collective 149 days of downtime. Although equipment failures are partly to blame, uptime needs to be improved. By managing through the challenges encountered this quarter Seadrill has again come to appreciate the benefits of a uniform fleet. Spare parts were located on similar units and materially limited the downtime related to equipment failures. Operational teams in the regions and offshore performed very well in determining creative solutions and reducing downtime. As in prior periods of operational challenges Seadrill has gone to great lengths to apply lessons learned across the fleet.

As discussed on the last quarterly conference call Seadrill has, for the time being, taken the decision to curtail ordering additional units. Until oil companies adjust their capital budgets or oil price shows a strong upward trend Seadrill will act cautiously and focus on the growth already secured through the existing newbuild program. Seadrill currently has 19 rigs on order and has thereby secured strong growth in the years to come. The Board is pleased that the timing of deliveries has again proved to be opportune by taking 13 deliveries last year and fixing them at attractive rates. Looking toward the 2015 delivery schedule Seadrill is well positioned to contract these assets into what is anticipated to be a tightening 2016 market. Seadrill believes there may be distressed assets coming available and is taking prudent steps to have the firepower to take advantage of interesting opportunities that may materialize. However the Board will remain committed to owning only top specification modern assets.

Seadrill expects second quarter EBITDA to show meaningful improvement from the first quarter. During the second quarter the growth trajectory will continue with the Sevan Louisiana and West Linus having entered service and expected abatement of operational issues. For the rest of 2014 further uplift in EBITDA will take place as the West Saturn, West Jupiter, and West Neptune join the fleet of operating assets. Thus far in the second quarter Seadrill has achieved a technical utilization of 96% for floaters and in excess of 94% for the jack-up fleet. Operational uptime is targeted to be in-line with second quarter to date performance going forward.

Based on expected solid operational performance for the rest of the year and the commencement of additional drilling units the Board is pleased to see that Seadrill is on track to achieve EBITDA of US\$10 million per day.

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.

May 28, 2014
The Board of Directors
Seadrill Limited
Hamilton, Bermuda

Questions should be directed to Seadrill Management Ltd represented by:

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

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Seadrill Limited

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Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
for the three months ended March 31, 2014 and 2013
(In US\$ millions)

	Three Months Ended March 31,	
	2014	2013
Operating revenues		
Contract revenues	1,092	1,195
Reimbursable revenues	36	64
Other revenues	93	6
Total operating revenues	1,221	1,265
Gain on disposals	440	61
Operating expenses		
Vessel and rig operating expenses	492	482
Reimbursable expenses	32	59
Depreciation and amortization	174	161
General and administrative expenses	73	72
Total operating expenses	771	774
Net operating income	890	552
Financial items and other income and expense		
Interest income	11	4
Interest expense	(118)	(108)
Share in results from associated companies	20	2
Loss on derivative financial instruments	(37)	(5)
Gain on re-measurement of previously held equity interest	—	10
Gain on bargain purchase	—	15
Foreign exchange (loss)/ gain	(15)	13
Other financial items	39	1
Gain on deconsolidation of Seadrill Partners	2,339	—
Total financial items and other income and expense	2,239	(68)
Income before income taxes	3,129	484
Income taxes	(35)	(44)
Net income	3,094	440
Net income attributable to the non-controlling interest	26	31
Net income attributable to the parent	3,068	409
Basic earnings per share (U.S. dollar)	6.54	0.87
Diluted earnings per share (U.S. dollar)	6.23	0.85

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Declared regular dividend per share (U.S. dollar)	1.00	0.88
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See accompanying notes that are an integral part of these Consolidated Financial Statements..

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Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the three months ended March 31, 2014 and 2013
(In US\$ millions)

	Three Months Ended March 31,	
	2014	2013
Net income	3,094	440
Other comprehensive loss, net of tax:		
Change in unrealized loss on marketable securities, net	(112)	(19)
Change in unrealized foreign exchange differences	(27)	—
Change in actuarial loss relating to pension	(9)	(2)
Change in unrealized gain on interest rate swaps in VIEs and subsidiaries	(49)	2
Other comprehensive income	49	—
Other comprehensive loss:	(148)	(19)
Total comprehensive income for the period	2,946	421
Comprehensive income attributable to the non-controlling interest	(23)	34
Comprehensive income attributable to the parent	2,969	387

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

Seadrill Limited

UNAUDITED CONSOLIDATED BALANCE SHEETS

as of March 31, 2014 and December 31, 2013

(In US\$ millions)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	912	744
Restricted cash	206	168
Marketable securities	1,072	416
Accounts receivables, net	780	1,042
Amount due from related party	771	101
Other current assets	290	363
Total current assets	4,031	2,834
Non-current assets		
Investment in associated companies	3,286	140
Marketable securities	614	666
Newbuildings	3,917	3,419
Drilling units	13,163	17,193
Goodwill	927	1,200
Restricted cash	146	150
Deferred tax assets	28	37
Equipment	48	49
Amount due from related party non-current	809	—
Other non-current assets	522	612
Total non-current assets	23,460	23,466
Total assets	27,491	26,300
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	1,662	1,566
Trade accounts payable	111	90
Short-term debt to related party	601	55
Other current liabilities	2,020	2,114
Total current liabilities	4,394	3,825
Non-current liabilities		
Long-term debt	10,728	11,900
Long-term debt due to related parties	900	1,415
Deferred tax liabilities	48	60
Other non-current liabilities	748	898
Total non-current liabilities	12,424	14,273
Equity		
Common shares of par value US\$2.00 per share: 800,000,000 shares authorized 469,115,743 outstanding at March 31, 2014 (December 31, 2013, 468,978,492)	938	938
Additional paid in capital	2,705	2,641
Contributed surplus	1,956	1,956

Accumulated other comprehensive income	429	528
Retained earnings	4,058	1,449
Non-controlling interest	587	690
Total equity	10,673	8,202
Total liabilities and equity	27,491	26,300

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

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Seadrill Limited

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended March 31, 2014 and 2013
(In US\$ millions)

	Three Months Ended March 31,	
	2014	2013
Cash Flows from Operating Activities		
Net income	3,094	440
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	174	161
Amortization of deferred loan charges	9	7
Amortization of unfavorable and favorable contracts	(26)	(5)
Amortization of mobilization revenue	(42)	(31)
Share of results from associated companies	(10)	(2)
Share-based compensation expense	2	2
Gain on disposals and deconsolidations	(2,779)	(71)
Unrealized gain related to derivative financial instruments	(25)	(8)
Dividends received from associated company	252	—
Deferred income tax benefit	(1)	(3)
Unrealized foreign exchange loss / (gain) on long-term debt	11	(10)
Gain recognized related to bargain purchase	—	(15)
Payments for long-term maintenance	(79)	(54)
Gain on realization of marketable securities	(7)	—
Changes in operating assets and liabilities, net of effect of acquisitions and disposals		
Unrecognized mobilization fees received from customers	24	56
Trade accounts receivable	38	(72)
Trade accounts payable	46	17
Prepaid expenses/accrued revenue	(2)	86
Other, net	(30)	(75)
Net cash provided by operating activities	656	423
Cash Flows from Investing Activities		
Additions to newbuildings	(722)	(282)
Additions to drilling units and equipment	(20)	(100)
Sale of rigs and equipment	—	48
Business combinations and step acquisitions, net of cash acquired	—	(531)
Sale of business, net of cash disposed	673	—
Cash in deconsolidated subsidiaries	(90)	—
Change in restricted cash	(34)	