Seadrill Limited (SDRL) - Second Quarter Results 2007

Highlights

- Seadrill reports net income of US$42.0 million and earnings per share of US$0.11 for the second quarter of 2007
- Seadrill secures new contracts for the semi-submersible West Alpha and the deepwater drillship West Navigator
- Seadrill secures new contracts for semi-submersible West Aquarius and five-year letter of intent for the ultra-deepwater drillship West Capella both under construction
- Seadrill orders three new rigs including one new ultra-deepwater semi-submersible rig and deepwater semi-tender in Singapore and one new ultra-deepwater drillship in Korea
- Seadrill secures new assignments for the jack-ups West Larissa and West Titania
- Seadrill on track for delivery of the newbuild program
- Seadrill divests the 1981 built jack-up West Titania for US$146.5 million with delivery in fourth quarter

Condensed consolidated income statements

Second quarter results

Consolidated revenues for the second quarter of 2007 amounted to US$374.0 million as compared to US$479.2 million for the first quarter 2007. The first quarter revenues included gains of US$123.3 million related to sales of two FPSO units.

Operating profit for the second quarter was US$76.9 million, a decrease from US$82.2 million in first quarter when excluding the FPSO sales gains. For the Mobile Units the operating profit in second quarter was US$43.3 million. The reduction from the previous quarter was largely related to lower operational utilization of the benign environment jack ups due to yard stays for West Janus and West Titania and the leg damages to West Larissa. The Company has also expensed emission tax related to the units West Alpha and West Venture totaling US$1 million not compensated by Statoil and Hydro. The performance of the Tender Rigs remained strong with a high utilization and with operating profit of US$22.2 million, marginally down from first quarter. Operating profit from Well Services totaled US$11.4 million in second quarter compared to US$7.8 million the preceding quarter. The increase was mainly caused by higher activity levels within Wireline and Engineering.

Net financial items for the quarter resulted in expenses of US$21.8 million unchanged from the preceding quarter. Income before taxes was US$55.1 million. Income taxes are calculated to US$11.2 million. Net income for the quarter amounted to US$42.0 million.

The condensed Consolidated Financial Statements are prepared in accordance with US GAAP and include the assets and liabilities of the Company. All material inter-company balances and transactions have been eliminated in the consolidation.

Balance sheet
Total current assets increased from US$780 million in the balance sheet as of year-end 2006 to US$924 million as of June 30, 2007. The increase reflects higher cash and cash equivalents as well as an increase in other investments. In the same period, total non-current assets increased from US$5.9 billon to US$6.8 billion. The increase related to further installments paid under building contracts for new drilling units, the June delivery of a new jack-up (West Prospero) and increase in goodwill of approximately US$200 million from acquisition of the remaining shares in Eastern Drilling ASA.

Total current liabilities increased from US$721 million to US$1,146 million. The increase reflects higher short-term interest bearing debt with maturity less than one year. Long-term interest bearing debt increased from US$2.6 billion to US$2.9 billion. The increase reflected new funding of the milestone payments for new drilling units. Minority interests decreased to US$87 million mainly because of acquisition of remaining shares in Eastern Drilling ASA. The increase in total shareholders' equity to US$ 3,176 million was due to a share issue in April as well as addition of net income earned and unrealized gains on financial instruments during first half of 2007. Net interest bearing debt amounted to US$3.2 billion at June 30, 2007, an increase of US$0.6 billion from year-end.

US$33 million has been added to equity but not included in the income statement as function of a positive marked to market valuation of investments in equity and derivates in other drilling contractors.

Cash flow
At June 30, 2007, cash and cash equivalents amounted to US$322.1 million, an increase of US$111.7 million compared to year-end 2006. In the first half year of 2007, net cash from operating activities amounted to US$197.4 million. Acquisition of goodwill and minority interests amounted to US$213.6 million and US$185.8 million respectively, and related to the acquisition of Eastern Drilling. Investments in fixed assets during the period amounted to US$850.1 million, of which US$517.8 million was invested in second quarter. The proceeds from the sale of two FPSO units in first quarter were US$170.0 million. Net investments amounted to US$1,049.7 million of which US$947.5 million related to second quarter. Net cash from financing activities in the first half of 2007 was US$964.0 million, of which US$676.1 million was in second quarter. This funding was used for milestone payments on new drilling units as well as other investments.

Private placements
In 2007, Seadrill has completed two private placements. The purpose was to part finance investments in new drilling units. In April, nine million new shares were placed at a subscription price per share of NOK101.00 and in July, seven million shares were placed at a subscription price of NOK127.00 per share. The offerings raised proceeds of NOK1,798 million or US$309 million. The total number of shares outstanding after the placements is 399,133,216.

Debt financing
Seadrill has completed a new US$1,500 million bank facility through a syndicate of 14 international banks. The facility which is secured by the four Mobile Units operating in the North Sea has a maturity of seven years with a balloon of maximum US$600 million. The facility replaces the several smaller bank facilities including the credit facility originally used

to part finance the acquisition of Smedvig asa. The interest rate conditions are US Libor plus 90 basis points.

Operations

Mobile units

Seadrill's mobile units were all in operation during the quarter. In Norway, the semi-submersible rigs West Alpha and West Venture continued drilling operations for Statoil and Hydro respectively while the ultra-deepwater drillship West Navigator worked for Shell and the ultra-large jack-up West Epsilon worked for Statoil. In West Africa, the jack-up West Ceres continued the drilling operations offshore Nigeria for Total. The jack-up West Titania was dry-towed to Tunisia and commenced operations for Ecumed Petroleum Tunisia Limited in June. In Southeast Asia, the jack-up West Janus completed its operations for Cairn in Bangladesh in April and was relocated to Singapore for a five-year mandatory survey. In Indonesia, the jack-up West Larissa under operations for Premier Oil Indonesia experienced a fatal work accident in May. In June, West Larissa damages the unit's legs after suffering a punch-through during positioning of the unit for start-up of operations on a wellhead platform. West Larissa is currently in Singapore for repair and is expected to be out of operation until early November this year. In addition, Seadrill is responsible for drilling operations on the Japanese scientific deepwater drillship Chikyu, which has drilled commercial oil and gas wells for Woodside offshore Australia.

Tender rigs

Seadrill's self-erecting tender rigs were all in operation during the quarter. In Southeast Asia, the tender rig barges T4 and T7 continued their work for Chevron in Thailand. In Malaysia, the semi-tender West Alliance continued drilling operations for Shell, the semi-tender West Berani worked for Exxon while the semi-tender West Setia performed deepwater operations from a spar-platform for Murphy. In Brunei, the semi-tender West Pelaut continued operations for Shell. In West Africa, the tender barge T8 and the semi-tender West Menang continued operations for Total in Congo. In June, an explosive fire occurred next to the wellhead platform on the N'kossa field where West Menang was operating. The fire was fatale and cost the lives of two Seadrill employees located on the wellhead platform.

Well services

Seadrill performs various well service activities in the North Sea. In Norway, Seadrill performed drilling and maintenance operations for Statoil on the Statfjord, Veslefrikk and Gullfaks platforms as well as carrying out drilling operations and maintenance work for BP on the Ula and Valhall platforms and for Talisman Energy on the Gyda field. In the UK, Seadrill performed drilling and maintenance activities for Shell on various platforms. In addition, the Company also performs engineering and modification activities as well as wireline operations. The activity level for well services remained sound. There are potential for increased margin in the engineering divisions as well as improvement in the margin in several of the existing low yielding contracts. Several new opportunities to increase the business are currently under consideration.

Operations associated companies

Varia Perdana Bhd.

Varia Perdana Bhd. owns five self-erecting tender rigs after taking delivery of a new tender barge named T10 in August. The other four tender barges were all in operation during the quarter. The tender barge T3 worked for PTT in Thailand whereas in Malaysia T6 and Teknik Berkat worked for Carigali and T9 worked for Exxon.

PT Apexindo Pratama Duta TBK
The Jakarta Stock Exchange listed company PT Apexindo Pratama Duta TBK (Apexindo) offers onshore and offshore drilling services. The drilling fleet comprises of four submersible swamp barges, two jack-up rigs and nine onshore drilling rigs. As of June 30, the market value of the Company's holding in Apexindo was US$195 million as compared to the initial investment of US$53 million.

New contracts and dayrates
Seadrill has announced a number of new contracts for existing units as well as new units under construction since March 2007.

In April, Seadrill secured a 120-day assignment for the jack-up drilling rig West Titania in Tunisia with Ecumed Petroleum Tunisia Limited at a dayrate of US$150,000. The Company also entered into a letter of intent for further employment for the jack-up drilling rig West Larissa with Vietsovpetro in Vietnam. The six-well assignment has an estimated duration of 360 days at a US$183,500 dayrate.

In May, Seadrill announced a letter of intent with an international E&P operator for the ultra-deepwater drillship West Capella currently under construction. The contract has five-year duration at a US$518,000 dayrate.

In June, Seadrill won a letter of award by A/S Norske Shell for the assignment of the deepwater drillship West Navigator on the Ormen Lange field in the Norwegian Sea. The contract has duration of four years at a US$555,000 dayrate and the new contract will start up by January 1, 2009.

In July, Seadrill was awarded a contract with Exxon for international exploration activities with the deepwater semi-submersible drilling unit West Aquarius currently under construction. The contract has a firm duration of three years at a US$520,000 dayrate.

In August, Seadrill was awarded a letter of intent by a consortium of independent oil companies for the assignment of the semi-submersible drilling unit West Alpha. The contract has a firm duration of three years with an option to extend the contract length to either four or five years. The dayrate is US$460,000, US$440,000 and US$420,000 for the three, four or five-year alternatives, respectively.

For more information regarding dayrates and contract durations, see the fleet status report or news releases on the Company web site www.seadrill.com.

Newbuild program
Seadrill has since the end of the first quarter ordered one drillship, one semi-submersible rig and one semi-tender and taken delivery of one tender barge rig and one jack-up. As such, the current Seadrill newbuild program includes 15 units of which there are three ultra-deepwater drillships, three jack-ups, seven deepwater semi-submersible rigs and two tender rigs. The original contract value for the newbuilding program was US$5.4 billion, while the positive development in prices since the original contract dates has added significant additional value. The delivery schedule is for one jack-up to be delivered later this year while 11 newbuilds are scheduled for delivery in 2008 and three units are scheduled in 2010.

In May, the Company announced the order of another ultra-deepwater semi-submersible drilling rig at the Jurong Shipyard in Singapore. The turnkey construction contract has a net total project value of US$531.5 million with scheduled delivery in April 2010. The new semi-submersible rig will have a rig design identical to the two deepwater semi-submersible rigs the Company already has under construction at the same yard and will be capable of operating in water depths up to 10,000 feet in challenging deepwater areas such as the Gulf of Mexico, Brazil and West Africa.

Seadrill also entered into an agreement with Keppel O&M in Singapore to build a new deepwater semi-submersible self-erecting tender rig (semi-tender). Total capital expenditure for the semi-tender is estimated at US$195 million. The new rig is based on a similar but improved design and specification as the Company's West Setia and West Berani. The new unit is targeted for deepwater drilling operations in benign waters in combination with floating wellhead platforms such as TLPs and Spars. Delivery is scheduled in the first quarter 2010.

In July, Seadrill entered into a turnkey contract to build a third ultra-deepwater drillship at the Samsung Shipyard in South Korea. The total project value is US$598 million with scheduled delivery in June 2010. The drillship is based on a Samsung design and is similar to the two units Seadrill already has under construction at the Samsung Shipyard. The new drillship will be capable of operating in water depths up to 10,000 feet.

At the end of June, Seadrill took successful delivery of the new jack-up West Prospero on time and budget. Subsequently, the jack-up commenced operations in Malaysia for Exxon and is now drilling its first well. In August, Seadrill on behalf of the 49 percent owned company Varia Perdana took delivery of a new tender rig barge named T10. The tender rig will commence operations for CarigaliHess in the joint development zone in Gulf of Thailand end of August.

As of June 30, 2007, US$2,173 million have been paid as installments on the newbuildings as compared to approximately US$1,830 million at the end of the first quarter 2007. The remaining installments to be paid for the newbuildings amount to approximately US$3.5 billion split on approximately US$700 million, US$2,050 million, US$295 million and US$480 million in 2007, 2008, 2009 and 2010, respectively. In addition, incurred costs related to capital spares, contract supervision and operations preparations for the newbuilding program totaled approximately US$287 million as per the end of the second quarter 2007.

Rig	Yard	Delivery date	Contract price*	Installment paid as of 2Q07
Jack-ups				
West Atlas	Keppel	3Q 2007	US$129 mill.	US$103 mill.
West Triton	PPL	1Q 2008	US$129 mill.	US$84 mill.
West Ariel	Keppel	2Q 2008	US$132 mill.	US$66 mill.
Tender rigs				
T11	MSE	2Q 2008	US$90 mill.	US$26 mill.
West TBA	Keppel	1Q 2010	US$180 mill.	US$27 mill.
Semi-submersibles				
West Phoenix (former West Edrill)	Samsung	1Q 2008	US$502 mill.	US$395 mill.
West Eminence	Samsung	3Q 2008	US$542 mill.	US$299 mill.
West Sirius	Jurong	2Q 2008	US$443 mill.	US$137 mill.
West Taurus	Jurong	4Q 2008	US$457 mill.	US$132 mill.
West Orion	Jurong	2Q 2010	US$532 mill.	US$80 mill.
West Hercules	Daewoo	2Q 2008	US$512 mill.	US$170 mill.
West Aquarius	Daewoo	3Q 2008	US$530 mill.	US$165 mill.
Drillships				
West Polaris	Samsung	2Q 2008	US$478 mill.	US$272 mill.
West Capella	Samsung	4Q 2008	US$478 mill.	US$217 mill.
West Gemini	Samsung	2Q 2010	US$598 mill.	US$0 mill.

* Including variation orders and riser allocations, but excluding spares, accrued interest expenses, construction supervision and operations preparations and mobilization

Market development

Over the last few months, several new contracts have been announced confirming the strength in the market for mobile offshore drilling units. The number of deepwater units under construction continues to increase to 61 up from 52 in May. The corresponding figures for jack-ups under construction are 79 compared to 78 in May as seven units have been ordered and six have been delivered.

Deepwater Floaters (>5,000 ft water)

The number of deepwater newbuilds in order has increase from 52 units to 61 units. The historic high number of deepwater newbuilds has yet to adversely affect dayrates. As such, the offshore drillers continue to benefit from the strong rig demand by keeping dayrates at reasonable levels as well as tightening the overall contract terms. As a consequence of recent contract signings, there is no availability for deepwater rig capacity this year and very limited free deepwater capacity available in 2008 and 2009. As a result of the limited availability of quality deepwater units, dayrates for term contracts are above US$500,000.

Premium Jack-ups (>300 ft water)

Dayrate fixtures in the market for premium jack-ups prevail in the US$200,000 range although there is speculation in the market space regarding the market's ability to absorb the significant influx of newbuildings. So far the market continues to maintain its strength and the Company is of the opinion that the growing demand being observed from Australia, India, the Middle East and West Africa will absorb the supply of premium jack-up newbuilds. The dayrates for 3 to 5 year term contracts are lower than for short-term work. In the market for harsh environment heavy-duty jack-ups like the West Epsilon there are fewer data points but all indications suggest that the North Sea market has strengthened since the latest fixture of West Epsilon.

Jack-ups (<= 300 ft water)
The market for smaller jack-ups continues to track the development for premium jack-ups at a discount only reflecting rig specifications and geographic markets. The Company considers itself well positioned to benefit from the strong market sentiment for its older jack-ups.

Tender rigs
The market sentiment for tender rigs is sound and the dayrate level for jack-ups has had a positive effect on market dayrates for tender rigs as reflected in the Company's recent fixtures. Furthermore, The Company remains positive to the market outlook and believes that oil companies continue to enter into term contracts well in advance of commencement, which provides good opportunities to build order backlog and facilitate further organic growth. The Company therefore ordered a new semi-tender for delivery in 2010 on speculation.

Outlook and strategy
The Company mission is to create a world leading offshore drilling company focusing on modern quality units. The strategy to reach this goal has been to secure exposure to newbuild orders at quality yards, build a dynamic organization, win term contracts, secure financial leverage, deliver the projects according to plan and put the new units into operation.

Seadrill has since the start-up in May 2005 grown its fleet to 36 units through a sequence of acquisitions and newbuild orders. At the same time, the Company has put together a pool of experienced and skilled offshore workers that currently totals more than 5,400 people with main operational offices in Stavanger, Singapore and Houston. Simultaneously, contracts have been secured with quality customers for 12 of the initial 15 units ordered at premium dayrates and adequate contract length that ensures that the Company has presence in key drilling areas such as the North Sea, Southeast Asia, US Gulf of Mexico and West Africa in addition to new areas like Australia and China.

Furthermore, Seadrill has successfully taken delivery of and put into operation two jack-ups and two tender rig newbuilds on time and budget. Nevertheless, the main newbuild challenge is the eight deepwater units that are scheduled for delivery in 2008. At present, the overall construction of the newbuilds is progressing according to plan, some units are ahead of schedule and some are marginally behind. The first units to be delivered are now almost mechanically complete and are entering the final and challenging commissioning and testing phase of the construction project. Although there are still risks attached to completion of the projects, the Board is convinced that the decision to enter into fixed-price turnkey newbuild contracts (with a heavy back-loaded yard installments schedule) at the most experienced yards in the offshore industry applying proven technology will serve the Company well.

The Board is determined to continue the growth of the Company. As a result of good progress for the newbuild projects, the strong demand for advanced offshore drilling units, a solid US$7.6 billion order backlog as well as limited availability of newbuild slots at quality yard, the Company has increased its exposure to the offshore drilling market by ordering three more units for US$1,310 million. A third ultra-deepwater semi-submersible drilling unit was ordered at the Jurong Shipyard in Singapore, a third ultra-deepwater drillship was ordered at Samsung in Korea and one deepwater semi-tender was ordered from Keppel in Singapore. Seadrill believes that the newbuildings will add significant shareholder value based on existing rig inquiries, rig tenders and customer discussions regarding the Company's available units.

Seadrill has taken strategic positions in several other offshore drilling contractors. At present, the Company holds more than five percent through shares or financial instruments in the following companies. Aker Drilling 21.6 %, Scorpion Offshore 7.9 %, Sapura Crest 16.8 % and Apexindo 31.8 % The shares, acquired based on thorough evaluation of the companies' underlying values, either can be sold after a positive share price development or used as basis for further consolidation in the industry.

The Company also took advantage of the favorable market to sell the 1981-built jack-up West Titania. The unit was sold for US$146.5 million to the Nigerian drilling contractor SeaWolf Oil Services Limited and the transaction will be closed in the fourth quarter this year. The sale of the unit is in line with the Company's strategy to focus its operation on new and modern drilling assets.

The Board is of the opinion that in order to create shareholder value it is important to focus on growth in all business lines. As a consequence, the Company is evaluating to set up a separate entity for its well services activity with the ambition to create a large integrated well services company. Seadrill is a strong believer in the outlook for well services activity fundamentally driven by the desire to get a higher recovery rate from the reservoirs and intend to remain the company's main shareholder. The current intention is to establish the new company before year-end and immediately establish liquidity through a proper listing of the new company's shares. Seadrill intends to keep a 60 to 70 percent ownership interest in the new company. The Board sees many interesting opportunities for growing the company through organic growth as well as merger and acquisition activities.

Furthermore, the main objective for Seadrill is to deliver the best possible equity return to shareholders. The significant order backlog built through term contracts with quality customers gives Seadrill a unique opportunity to leverage its existing assets without adding significant risk. Through a replacement of equity with debt, the return on the remaining equity should increase significantly. The Company therefore pursues leveraging strategies and continues to develop alternatives sources of funding such as sale and leaseback agreements, export credit arrangements, more aggressive bank facilities as well as a master limited partnership structure for its tender rig business.

The Board is in particular pleased with the improvement in contribution form the Well Services business and the 100 percent utilization for the Tender Rigs. Further, the Tender Rig business was able to maintain the operating margin for existing contracts in a cost-increasing environment. The operating results for the third quarter will be negatively influenced by off hire yard-stays for the jack-up West Larissa lower income from the management of the deepwater drillship Chikyu and a possible yard-stay for the heavy duty jack-up West Epsilon. Positive operating revenue will be generated by increased utilization of jack-ups West Titania, and West Prospero (delivered June 2007). The significant increase in Seadrill revenues will come in 2008/2009 when eight deepwater units, two jack-ups and one tender rig are expected to commence contracts in addition to several of the existing contract rolling over at more favorable rates.

The Board is of the opinion that the combination of the operational cash flow from the existing and recently delivered units, as well as newbuilding orders placed at favorable terms and delivery positions create a solid financial base for the Company going forward. The fact that the newbuild projects are progressing according to plan, that the recruitment of people is developing as planned combined with strong commitment and enthusiasm in the organization proves that Seadrill is well on its way in building a leading offshore drilling company. The Company will have the most modern high quality drilling fleet in the world with an average age almost 20 years younger than any of our large competitors. The Board is excited and positive about the outlook for the market and our company as well as the outlook to give our shareholders a good long-term return.

Forward Looking Statements

This press release contains forward-looking statements. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Seadrill management's examination of historical operating trends.

Including among others, factors that, in the Company's view, could cause actual results to differ materially from the forward looking statements contained in this press release are the following: the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing for the newbuildings on favorable terms, changes of the spending plan of our customers, changes in the Company's operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our reports filed with the Oslo Stock Exchange.

August 27, 2007
The Board of Directors
Seadrill Limited
Hamilton, Bermuda

Questions should be directed to Seadrill Management AS represented by:

Kjell E Jacobsen:	Chief Executive Officer
Trond Brandsrud:	Chief Financial Officer
Jim Daatland:	Vice President Investor Relations

Accounts

Condensed Consolidated Income Statement

Unaudited accounts in USD million	1Q07	2Q07	2Q06	6M 2007	6M 2006	2006
Revenues						
Operating revenues	305.9	**307.9**	224.3	**613.8**	385.2	942.3
Reimbursables	28.2	**44.3**	22.9	**72.6**	38.5	109.0
Other revenues	145.1	**21.8**	28.4	**166.8**	43.5	103.3
Total revenues	479.2	**374.0**	275.6	**853.2**	467.2	1,154.6
Operating expenses						
Vessel and rig operating expenses	178.3	**180.9**	133.3	**359.1**	241.1	587.8
Reimbursable expenses	26.9	**42.8**	21.6	**69.8**	36.4	103.4
Depreciation and amortisation	43.1	**43.6**	46.0	**86.8**	78.2	167.6
General and adminstrative expenses	25.4	**29.8**	15.6	**55.1**	28.6	69.7
Total operating expenses	273.7	**297.1**	216.5	**570.8**	384.3	928.5
Operating profit	**205.5**	**76.9**	**59.1**	**282.4**	**82.9**	**226.1**
Interest income	2.5	**4.8**	2.9	**7.2**	6.2	14.0
Interest expense	(23.0)	**(20.9)**	(23.9)	**(43.9)**	(36.6)	(79.8)
Share of results from associated companies	6.9	**4.6**	6.9	**11.5**	12.2	26.6
Other financial items	(8.2)	**(10.3)**	(3.6)	**(18.4)**	80.0	80.0
Net financial items	(21.8)	**(21.8)**	(17.7)	**(43.6)**	61.8	40.8
Income before income taxes and minority interest	**183.7**	**55.1**	**41.4**	**238.8**	**144.7**	**266.9**
Income taxes	(13.7)	**(11.2)**	(8.1)	**(24.9)**	(15.4)	(22.4)
Minority interest	(1.8)	**(1.9)**	0.0	**(3.7)**	(26.5)	(30.5)
Net income	**168.2**	**42.0**	**33.3**	**210.2**	**102.8**	**214.0**
Earnings per share (in USD)	0.44	**0.11**	0.07	**0.55**	0.31	0.61
Diluted earnings per share (in USD)	0.44	**0.11**	0.07	**0.55**	0.31	0.61

Condensed Consolidated Segment Information

Mobile Units Division

Unaudited accounts in USD million	1Q07	**2Q07**	2Q06	**6M 2007**	6M 2006	2006
Operating revenues	174.1	**166.7**	138.2	**340.8**	187.6	500.0
Reimbursables	5.0	**11.9**	13.0	**17.1**	21.1	49.4
Other revenues	142.1	**18.7**	26.2	**160.7**	37.2	88.8
Total revenues	321.2	**197.3**	177.4	**518.6**	245.9	638.2
Vessel and rig operating expenses	92.2	**88.8**	71.7	**181.0**	105.6	281.7
Reimbursable expenses	4.3	**11.0**	12.1	**15.4**	19.6	45.4
Depreciation and amortisation	31.4	**31.8**	37.4	**63.3**	57.5	127.3
General and adminstrative expenses	18.2	**22.4**	10.8	**40.5**	17.3	45.2
Total operating expenses	146.1	**154.0**	132.0	**300.2**	200.0	499.6
Operating profit	175.1	**43.3**	45.4	**218.4**	45.9	138.6

Tender Rigs Division

Unaudited accounts in USD million	1Q07	**2Q07**	2Q06	**6M 2007**	6M 2006	2006
Operating revenues	52.9	**55.9**	31.1	**108.8**	72.7	154.9
Reimbursables	4.0	**4.4**	1.3	**8.4**	3.5	9.6
Other revenues	3.0	**3.1**	2.2	**6.1**	6.3	14.5
Total revenues	59.9	**63.4**	34.6	**123.3**	82.5	179.0
Vessel and rig operating expenses	20.4	**23.8**	14.9	**44.1**	33.5	69.4
Reimbursable expenses	3.8	**4.2**	1.2	**8.0**	3.4	9.2
Depreciation and amortisation	9.8	**9.6**	7.4	**19.4**	17.6	33.7
General and adminstrative expenses	3.3	**3.6**	1.6	**6.9**	4.6	10.0
Total operating expenses	37.3	**41.2**	25.1	**78.4**	59.1	122.3
Operating profit	22.6	**22.2**	9.5	**44.9**	23.4	56.7

Well Services Division

Unaudited accounts in USD million	1Q07	**2Q07**	2Q06	**6M 2007**	6M 2006	2006
Operating revenues	78.9	**85.3**	55.0	**164.2**	124.9	287.4
Reimbursables	19.2	**28.0**	8.6	**47.1**	13.9	50.0
Total revenues	98.1	**113.3**	63.6	**211.3**	138.8	337.4
Operating expenses	65.7	**68.3**	46.7	**134.0**	101.9	236.7
Reimbursable expenses	18.8	**27.6**	8.3	**46.4**	13.4	48.8
Depreciation and amortisation	1.9	**2.2**	1.2	**4.1**	3.0	6.6
General and adminstrative expenses	3.9	**3.8**	3.2	**7.7**	6.9	14.5
Total operating expenses	90.3	**101.9**	59.4	**192.2**	125.2	306.6
Operating profit	7.8	**11.4**	4.2	**19.1**	13.6	30.8

Condensed Consolidated Balance Sheets

Unaudited accounts in USD million	**30.06.07**	**31.12.06**	**30.06.06**
Current assets			
Cash and cash equivalents	**322.1**	210.4	433.8
Receivables	**403.6**	463.5	243.4
Other investments	**197.8**	105.9	0.0
Total current assets	**923.5**	779.8	677.2
Non-current assets			
Investment in associated companies	**160.8**	238.1	445.6
Other non-current assets	**78.7**	46.1	43.1
Newbuildings	**2 630.8**	2 027.4	926.7
Drilling units	**2 409.7**	2 293.3	2 316.1
Goodwill	**1 497.8**	1 284.2	1 179.1
Total non-current assets	**6 777.8**	5 889.1	4 910.6
Total assets	**7 701.3**	**6 668.9**	**5 587.8**
Current liabilities			
Short-term interest bearing debt	**678.7**	255.4	474.4
Other current liabilities	**467.2**	465.3	314.3
Total current liabilities	**1 145.9**	720.7	788.7
Non-current liabilities			
Deferred taxes	**227.0**	227.8	221.6
Long-term interest bearing debt	**2 869.5**	2 559.3	2 001.6
Other non-current liabilities	**196.7**	195.4	184.3
Total non-current liabilities	**3 293.2**	2 982.5	2 407.5
Minority interest	**86.5**	208.0	46.6
Shareholders' equity			
Paid-in capital	**2 601.0**	2 449.8	2 178.4
Retained earnings	**574.7**	307.9	166.6
Total shareholders' equity	**3 175.7**	2 757.7	2 345.0
Total shareholders' equity and liabilities	**7 701.3**	**6 668.9**	**5 587.8**

Condensed Consolidated Cash Flow Statements

Unaudited accounts in USD million	6M2007	6M2006	2006
Cash flow from operating activities			
Net income	**210.2**	102.8	214.0
Adjustement to reconcile net income to net cash provided by operating activities:			
Depreciation and amortisation	**86.8**	78.2	167.6
Gain on disposals of fixed assets/other investments	**(124.7)**	(80.0)	(83.6)
Share of results from associated companies	**(11.5)**	0.0	(26.6)
Change in working capital	**36.6**	77.9	12.5
Net cash from operating activities	**197.4**	**178.9**	**283.9**
Cash flow from investing activities			
Acquisition of goodwill	**(213.6)**	(1 179.1)	(1 284.2)
Acquisition of fixed assets	**(850.1)**	(2 895.9)	(3 908.8)
Disposal of fixed assets	**170.0**	210.0	308.8
Cash flow from (investment in) associated companies	**83.3**	(280.6)	(162.9)
Acquisition of minority interest	**(185.8)**	0.0	0.0
Cash flow from other investments	**(53.5)**	483.9	307.6
Net cash from investing activities	**(1 049.7)**	**(3 661.7)**	**(4 739.5)**
Cash flow from financing activities			
Proceeds from debt	**920.5**	2 562.7	3 497.9
Repayment of debt	**(187.1)**	(180.0)	(654.0)
Proceeds from issuance of equity	**151.3**	1 453.0	1 724.4
Contribution by minority interest	**79.3**	31.3	45.0
Net cash from financing activities	**964.0**	**3 867.0**	**4 613.3**
Effect of exchange rate changes on cash equiv.	**0.0**	**0.0**	**3.1**
Net change in cash and cash equivalents	**111.7**	384.2	160.8
Cash and cash equivalents at beginning of year	**210.4**	**49.6**	**49.6**
Cash and cash equivalents at end of period	**322.1**	**433.8**	**210.4**

Condensed Consolidated Statement of changes in Equity

Unaudited accounts in USD million	Issued share capital	Share premium reserve	Other equity	Total shareholders' equity
Balance at 10 May, 2005	**0.0**	**0.0**	**(16.2)**	**(16.2)**
Issue of ordinary shares, net	458.3	440.8		899.1
Effect of aquisition from shareholder		(173.7)	16.2	(157.5)
Other comprehensive income			82.4	82.4
Net loss for the period			(7.6)	(7.6)
Balance at 31 December, 2005	**458.3**	**267.1**	**74.8**	**800.2**
Issue of ordinary shares, net	308.0	1 416.4		1 724.4
Transfer of profit and loss accounts			(82.4)	(82.4)
Net income for the period			214.0	214.0
Share-based payments			9.6	9.6
Minority interest			26.5	26.5
Foreign exchange and other			65.4	65.4
Balance at 31 December, 2006	**766.3**	**1 683.5**	**307.9**	**2 757.7**
Issue of ordinary shares, net	18.0	133.2		151.2
Net income for the period			210.2	210.2
Other comprehensive income			33.3	33.3
Share-based payments			8.0	8.0
Conversion of loan			(15.9)	(15.9)
Minority interest			3.7	3.7
Foreign exchange and other			27.4	27.4
Balance at 31 June, 2007	**784.3**	**1 816.7**	**574.6**	**3 175.6**