

Marine Subsea - 30 June 2008

Condensed interim financial information

(All amounts in USD 1 000 if not otherwise stated)



Condensed consolidated interim income statement

(All amounts in USD 1 000 if not otherwise stated)	Note	Unaudited For the 3 months ending 30 June 2008	Unaudited For the 3 months ending 30 June 2007	Unaudited For the 6 months ending 30 June 2008	Unaudited For the 6 months or the 12 months ending 30 June/ing 31 December 2007	2007
Sales	12	7,306	0	13,848	0	0
Total revenue		7,306	0	13,848	0	0
Material and consumable expenses		420	0	5,828	0	
Employee benefit expenses		1,645	248	3,490	301	1,495
Other operating expenses		4,237	3,053	5,740	7,754	5,511
Depreciation and amortisation	4	355	1	457	1	28
Total operating expenses		6,658	3,301	15,515	8,056	7,034
Net operating profit (loss)		648	-3,301	-1,666	-8,056	-7,034
Financial income	7	482	716	1,487	1,785	26,185
Financial (expenses)	7	-765	0	-483	-5	-15,359
Net financial income (loss)		-283	716	1,004	1,780	10,827
Share of loss of associates		6	0	6	0	-2
Net profit (loss) before income tax		359	-2,585	-669	-6,276	3,791
Income tax expense		-25	0	-50	0	397
Net profit (loss)		384	-2,585	-618	-6,276	3,394
Basic and diluted earnings per share	8	0.01	-0.04	-0.11	-0.11	0.06

Condensed consolidated interim balance sheet

(All amounts in USD 1,000 if not otherwise stated)	Note	IFRS Unaudited As of 30 June 2008	Unaudited As of 30 June s of 31 December 2007	2007
ASSETS				
Non-current assets				
Property, plant and equipment	4	245,463	55,319	135,953
Intangible assets	4	23,951	0	
Investments in joint venture		14,463	0	12,496
Long term receivables and other receivables		44,926	0	41,115
Total non-current assets		328,803	55,319	189,564
Current assets				
Inventories		296		0
Trade and other receivables		12,147	59	13,466
Cash and cash equivalents		106,591	290,611	222,278
Total current assets		119,033	290,670	235,744
TOTAL ASSETS		447,835	345,988	425,307
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	6	104	102	104
Share premium	6	50,882	48,822	50,882
Other reserves		841	0	841
Retained earnings		2,689	-1,708	3,307
Total shareholders equity		54,517	47,216	55,134
Net profit (loss)				
Non-current liabilities				
Retirement benefit obligation		3	0	3
Deferred tax liabilities		752	0	397
Long term liabilities		13,731	0	0
Interest bearing-debt	5	372,068	291,884	365,557
Total non-current liabilities		386,554	291,884	365,956
Current liabilities				
Trade and other payables		6,765	6,887	4,216
Total current liabilities		6,765	6,887	4,216
TOTAL EQUITY AND LIABILITIES		447,835	345,988	425,307

Condensed consolidated interim statement of changes in equity

(All amounts in USD 1 000 if not otherwise stated)	Share capital	Share premium	IFRS Other reserves	Retained earnings	Total
Inception on 16 October 2006	16	0	0	0	16
Net profit/ (loss) for the period	0	0	0	-87	-87
Balance at 31 December 2006	16	0	0	-87	-71
Issue of share capital, net of share issuance cost January 2007	86	48,822	0	0	48,909
Issue of share capital, net of share issuance cost July 2007	2	2,060			2,062
Employee share option scheme, value of employee services			841		841
Net profit/ (loss) for the period	0	0	0	3394	3,394
Balance at 31 December 2007	104	50,882	841	3,307	55,135
Net profit/(loss) for the period	0	0	0	-618	(618)
Balance at 31 March 2008	104	50,882	841	2,689	54,517

Net profit (loss)

Consolidated cash flow statement

Amounts in USD 1 000	Note	unaudited As of 30 June 2008	Year ended 31 December 2007
Cash generated from operations			
Net profit (loss) before income tax		-618	3,791
Depreciation and amortisation	12	455	28
Amortisation of debt issuance cost	10	3,424	9,693
Change in fair value - bond loan and convertible bond loan		0	4,434
Share based payment	20	0	841
Exchange gain / (loss)		-680	-16,760
Changes in assets and liabilities			
Trade and other receivables		-2,787	-13,466
Trade and other payables		16,280	653
Interest paid		-482	-4,860
Taxes paid			0
Net cash flow from operating activities		15,592	-15,646
Cash flow from investing activities			
Investment in property, plant and equipment (PPE)	12	133,914	135,981
Investment in shares and long term receivables, joint venture	13	1,967	53,611
Net cash flow from investing activities		135,881	189,591
Cash flow from financing activities			
Proceeds of issuance from ordinary shares (net of share issuance cost)		0	50,970
Proceed from issuance of bond loans, net of debt issuance cost		0	291,682
Net profit (loss)		0	65,885
Net cash flows from financing activities		0	408,537
Cash and cash equivalents at 1 January	16	222,278	16
Exchange gain/losses) on cash and cash equivalents		4,602	18,963
Net increase/(decrease) in cash and cash equivalents		-120,289	203,299
Cash and cash equivalents at 30 June/31 December	16	106,591	222,278

(All amounts in USD 1 000 if not otherwise stated)

Note 1 - General information

Marine Subsea AS ('the company') and its subsidiaries (together 'the group') is an offshore company that owns two well intervention service vessels, five work accommodation barge vessels and one service rig. 2 Barges are in operation, the rest are currently under construction. Marine Subsea AS was incepted on 9 October 2006. The vessel owning companies is owned 100% by the company, except Marine Subsea Sarah Ltd which is owned 75%, and Marine Subsea & Conseq which the company has a 40% share interest in.

The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Strandveien 50, 1366 Lysaker.

The group consolidated financial statements were authorised for issue by the board of directors on 21 May 2008.

The condensed consolidated interim financial information for the period ended 30 June 2008 included the company and its subsidiaries.

Note 1 - Accounting policies

Marine Subsea's condensed consolidated interim financial information is prepared in accordance with IAS 34, Interim Financial Reporting in the context of the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The same accounting policies and methods of computation except from those disclosed below, are followed as compared with the financial statements for year ending 31 December 2007, and this condensed consolidated interim financial information should therefore be read together with the consolidated financial statements for the year ended 31 December 2007 prepared in accordance with IFRS as adopted by the European Union. IAS 14 and IAS 33 have been applied as the Company is registered on the OTC broker list.

Standards, interpretations and amendments to published standards that are effective from January 1, 2008.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods affecting the condensed consolidated interim financial information as follows:

IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008)

IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the group's operations because none of the group's companies provide for public sector services;

IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008)

IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the group's operations because none of the group's companies operate any loyalty programmes.

The following standards, amendments to standards and interpretations have been issued but are not effective for 2008 and have not been early adopted:

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).

The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to acquisition, construction or production of qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Amended) from January 2009:

IFRS 8, Operating Segments

IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS from 1 January 2009. It is not expected that the implementation of the standard will have any impact on the Group's accounts;

IFRIC 14, 'IAS 19 (effective 1 January 2008)

The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance in assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from January 2008, but it is not expected to have any impact on the group's accounts.

Note 3 - Segment information

Since the company has no equity or debt securities that are publicly traded, the Company has not prepared segment information

Note 4 - Property plant and equipment/ Intangible assets

Amounts in USD 1 000	Goodwill	Trademark and licences	Total	Ship under construction	Machinery equipments	Total
Inception on 16 October 2006				0	0	0
Additions				0	0	0
Depreciation				0	0	0
Balance as at 31 December 2006				0	0	0
Additions				118,859	207	119,066
Capitalised borrowing cost				16,915	0	16,915
Depreciation				0	-28	-28
Balance as at 31 December 2007				135,774	179	135,953
Additions		111	111	97,562	18	97,580
Acquisition of subsidiary	22,855	1,143	23,998	0	680	680
Capitalised borrowing cost			0	11,545	0	11,545
Depreciation and amortisation		-159	-159	-227	-69	-296
Balance as at 31 March 2008	22,855	1,096	23,951	244,654	808	245,463

Note 5 - Interest-bearing debt

Amounts in USD 1 000	Effective yearly interest rate %	Maturity	As of 30 June 2008	As of 30 June 2007
Libor + 6.0% bond loan - face value USD 130 million	12.9	2012	127,019	126,531
Libor + 6.0% bond loan - face value USD 170 million (1)	12.7	2012	167,004	165,353
Fixed rate 7.5% convertible boan - face value NOK 390 million (2)	15.0	2012	78,045	0
Total			372,068	291,884
Current portion			0	0
Non-current portion			372,068	291,884
Fair value of embedded conversion right of a convertible bond included in liability amount above (2)			16,576	0
Fair value of embedded callable option of a bond loan is included in liability amount above (1)			-1,917	0

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

Amounts in USD 1 000	As of 30 June 2008	As of 30 June 2007
1 - 5 years	372,068	291,884
Total	372,068	291,884

Maturity for non current interest bearing debt are as follows:

Between 2 and 5 years	372,068	291,884
Total	372,068	291,884

The carrying amount and fair value of the non-current borrowings are as follows:

Year ended	Carrying amount		Fair value	
	As of 30 June 2008	As of 30 June 2007	As of 31 December 2007	As of 30 June 2007
Bond loan	294,023	126,531	295,304	126,531
Convertible bond loan	78,045		77,456	0
Total	372,068	126,531	372,760	126,531

Convertible bond

The Group issued 7,5% convertible bonds at a par value of NOK 390 million on 14 September 2007. The bonds mature five years from the issue date at their nominal value of NOK 390 million or can be converted into shares at the holders option at the rate of NOK 15.00 per share. No additional debt on existing assets. The borrower may redeem parts of the loan or the entire loan (call option) at 135 per cent of par plus accrued interests on redeemed amount.

The nominal interest rate is 7,5% and interest payments will be made semi-annually, starting 14 March 2008.

The fair value of the convertible right was determined at issuance of the bond using the Black and Scholes valuation model and is included in long term borrowing. Estimated change in fair value of the embedded conversion right is recognised through profit and loss. The residual amount is allocated to the liability component and is included in long term borrowings.

Effective interest rate on the convertible bond for 2007 is 15.0%.

The convertible bond recognised in the balance sheet is calculated as follows:

Amounts in USD 1 000	2008	2007
Face value of bond issued on 15 February and 29 June 2006	69,051	69,051
Debt issue cost	-3,172	-3,172
Liability component on initial recognition	65,879	65,879
Amortisation of debt issue cost and liability component of issued convertible bond	748	748
Change in fair value of embedded conversion right of a convertible bond	3,068	3,068
Currency translation difference	2,216	2,216
Liability component at 31 December 2007	71,912	71,912
Fair value of embedded conversion right of a convertible bond included in liability amount above	16,576	16,576
Amounts in USD 1 000	2008	2007
Secured debt	372,068	370,509
Pledged assets		
Vessels under construction	244,654	213,013
Bank deposits	87,474	130,939
Investments in associates	14,463	13,880
Total	346,590	357,831

Bond loan USD 130 million issued 15 February 2007

Maturity on 15 February 2012. Main terms: Interest rate is Libor +6%. The bond has first priority pledge in the barges African Worker, African Fjord and African Installer and second priority pledge in the well intervention vessel Sarah. No additional debt except financing of similar vessels or subordinated debt. No dividend payments. Mandatory pre payment if sale of (i)barges, 15% (USD 19.5 million) at 108%, (ii)well intervention vessel Sarah or shares in Marine Subsea Sarah Ltd, 55% (USD 71.5 million) at 108%. Upon change of control in Marine Subsea AS, the bondholders have a put at 103%.

Bond loan USD 170 million issued 15 June 2007

Maturity on 15 June 2012. Main terms: Interest rate is Libor + 6%. The bond has first priority pledge in the barges African Caribe, African Lifter and first priority pledge in the well intervention vessel Karianne. No additional debt in subsidiaries except subordinated debt. No dividend payments. Mandatory pre payment if sale of (i)barges, 20% (USD 34 million) at 107%, (ii)well intervention vessel Karianne or shares in Marine Subsea Karianne Ltd, entire remaining loan at 107%. Upon change of control in Marine Subsea AS, the bondholders have a put at 103%. Marine Subsea AS may call the loan at a premium prior to maturity, year 1-2: 108%, year 3: 106%, year 4: 104%, year 5: 102%.

Glitnir / BNP Paribas USD 70 million term loan facility

Marine Subsea signed on the 19 March 2007 a term sheet with Glitnir / BNP Paribas for takeout financing of the well intervention vessel Sarah in the amount of USD 70 million. The loan has first priority mortgage in the vessel Sarah. The facility amount shall be repaid in 32 quarterly installments of USD 1,875,000 and the remaining loan amount at maturity 30 September 2017.

Note 6 - Share capital

Amounts in USD 1 000	Number of shares	Share capital	Share premium	Total
Inception on 16 October 2006	1,000	16	0	16
At 31 December 2006	1,000	16	0	16
Split of shares in the ratio 1:10 000	9,999,000			
Issue of share capital, net of issuance cost 30 January 2007	55,000,000	86	48,822	48,908
Issue of share capital, net of issuance cost August 2007	1,000,000	2	2,060	2,062
At 31 December 2007 = 30 June 2008	66,000,000	104	50,882	50,986

The total authorised number of ordinary shares is 66 million shares (2006: 0,1 million shares) with a par value of NOK 0,01 per share (2006: NOK 100,00) 1.00 per share). All issued shares are fully paid.

Note 7 - Financial income and expenses

Amounts in USD 1 000	For the 6 months ending 30 June 2008	For the 6 months ending 30 June 2007
Financial income:		
Interest income	1,696	3,771
Capitalised interest income (note 4)	-1,214	-2,964
Net agio	0	680
Total financial income	482	1,487
Financial expenses:		
Interest expenses	8,232	16,994
Amortisation of debt issue cost of issued bond loan	891	1,554
Capitalised interest expenses (note 4)	-8,487	-18,087
Changes in fair value - convertible bond loan	0	0
Changes in fair value - callable option bond loan	0	0
Net disagio	107	0
Other financial expenses	22	22
Total financial expenses	765	483

Note 8 - Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the 3 months ending 30 June 2008	For the 6 months ending 30 June 2008	For the 6 months ending 30 June 2007
Profit attributable to equity holders of the Company	384	-618	-6,276
Weighted average number of ordinary shares in issue (thousands), adjusted with split of shares in January	66000	66,000	55,833
Basic earnings per share (USD per share)	0.01	-0.01	-0.11

The Group has one categorie of dilutive potential ordinary shares, share options.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debt and share options. The convertible loan has a conversion price of NOK 15,- which is considerably lower than today's market price. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of share that would have been issued assuming the exercise of the share options.

Profit attributable to equity holders of the company	384	-618	-6,276
Adjusted profit / (loss) attributable to ordinary equity holders of the parent company	384	-618	-6,276
Weighted average number of ordinary shares in issue (thousands)	66000	66,000	55,833
Weighted average number of shares under option	1000	1,000	0
Weighted average number of shares that would have been issued at average market price	-545	-545	0
Weighted average number of ordinary shares for diluted earnings per share (thousands)	66,455	66,455	55,833
Diluted earnings per share (USD per share)	0.01	-0.01	-0.11

Note 9 - Commitments

Capital commitments contracted for at the balance sheet date, but not recognised in the financial statements are as follows:

Ships under construction:

Ship	Yard	Country	Delivery	Contract cost	Remaining expenditure
"Sarah" - # 283 SX 121	Ullstein	Norway	July 2009	160,107	122,300
"Karianne" - # 287 SX 121	Ullstein	Norway	Oct 2010	171,367	71,400
"African Installer" - 053 Jaya 6	Jaya	Indonesia	September 2008	30,000	21,000
"African Worker" - 054 Jaya 7	Jaya	Indonesia	June 2009	30,000	21,000
"African Lifter" - 221	Yantai/GMC	China	December 2008	28,843	21,632

Note 10 - Sharebased compensation

The Board of Marine Subsea has, in accordance with the approval of the shareholders meeting held on 25 June 2007, granted a total of 1 000 000 options to Trafalger AS who is financial advisor for the company. The options are free of charge and may be exercised in a 24 months period from signing the option agreement, dated 23 August 2007. Marine Subsea shall at its sole discretion have the right to, in lieu of issue shares, pay the difference between the exercise price and the market price at the date of the options multiplied with the number of shares comprised by the exercise.

The fair value of the options granted during the period determined using the Black-Scholes valuation model was TUSD 841 of which TUSD 841 is expensed in the accounts ending 31 December 2007. The significant inputs in the model were share price at the grant date, exercise price as presented below, volatility of 32 %, risk-free interest rate 4.0%, and expected exercise after 24 months. The volatility is based on a comparison with listed supplyship companies on Oslo Stock Exchange.

Number of shares	As of 31 June 2008	As of 31 December 2007
Outstanding at 1 January	1,000,000	0
Granted during the year	0	1,000,000
Forfeited during the year	0	0
Exercised during the year	0	0
Expired during the year	0	0
Outstanding at 31 December	1,000,000	1,000,000

The exercise price is NOK 12,00 per share for all options.

Note 11 - Reclassification of figures related to prior reported periods

The company has reclassified certain items from other operating expenses to property, plant and equipment.

	For the 3 months ending 31-Mar		For the 3 months ending 30-Jun	
	Before	After	Before	After
Other operating expenses	3,201	46	4,553	3,053
	Balance as of 31 March		Balance as of 30 June	
Property, plant and equipment	45,038	48,193	50,664	55,319

Note 12 - Sales

	For the 3 months ending 30 June 2008	For the 3 months ending 30 June 2007	For the 6 months ending 30 June 2008	For the 6 months ending 30 June 2007	For the 12 months ending 31 Decemb 2007
Charter revenues	3,904	0	3,904	0	0
Other operating revenues	3,402	0	9,944	0	0
Total Sales	7,306	0	13,848	0	0

Note 13 - Aquisition in 2008 and pro forma information

On 5 February 2008 Marine Subsea acquired all of the outstanding shares of Lewis Ltd ("Lewis"), a Scottish subsea company providing design, development and engineering, as well as project management services to the oil- and gas industry. The acquisition will leverage Marine Subsea's presence in the subsea well intervention market, as incorporation of Lewis' intervention systems for access to subsea wells with the intervention vessels of the Company, is considered to make the Company a more complete provider of services to the oil- and gas industry.

The cost of the company is based on a downpayment of 1 million Pounds. The rest is based on an earnout model.

On 6 March 2008 Marine Subsea acquired 99 % of the shares of Interoil Angola Limitada ("Interoil Angola"), a company incorporated in Angola. Interoil Angola specializes in operation and management of all vessel types in addition to related support services, and the acquisition is expected to leverage Marine Subsea's presence in the Angolan offshore market. Interoil Angola is located at the Sonils base in Luanda and is well placed relative to the clients and for further expansion. As three of Marine Subsea's vessels will be on contract in Angola, the acquisition of Interoil Angola will also enable Marine Subsea to quickly be operational in the country. Interoil Angola has currently two five-year contracts for the management of two Terminal Support Tugs serving Total's Dalia FPSO project plus one contract for a self owned vessel operating at the Soyo field also in Angola. Angolan limited companies ("Limitada") require a minimum of two shareholders, and 1% of the shares of Interoil Angola are therefore held by Gian Angelo Perrucci.

Group aquisition in 2008	Date of aquisition / consolidation	Share of voting capital	Added value goodwill	Added value Identifiable assets	Book equity on aquisition	Payment /aquisition cost incl expenses
Lewis Ltd.	2/5/2008	100%	15,709	0	1	1,993
Interoil Angola Limitada	3/6/2008	99%	7,151	752	602	8,505
Acquisition cost			22,860	752	603	10,498

Depreciation/writedown in 2008

Added value reported in balance sheet at 30.06	22,860	752
Depreciation period	N/A	4-5 years
Depreciation method	N/A	Straight line

	Interoil Angola Balance sheet March 6 2008	Fair value	Lewis Ltd Balance sheet February 3 2008	Fair value
Customer relationship	0	1,143		
Intangible asset	56	56	14	14
Fixed asset	558	572	95	95
Other current asset	720	720	554	554
Bank deposits etc	128	128	-126	-126
Total assets	1,462	2,619	536	536
Long term liabilities			71	71
Deferred taxes	0	405		
Other current liabilities	994	994	467	467
Total liabilities and equity	994	1,399	467	467
Net asset	602	1,354	203	203
Goodwill		7,146		15,709
Total consideration		8,500		15,912
Cash consideration		8,500		1,993
Aquisition costs allocated to the shares		0		130
Debt (earnout model)				13,789
Total consideration		8,500		15,912

A yearly impairment test for the goodwill is carried out each year.

Note 14 - Subsequent events

On 14 March 2008 the company won a contract to work for ENI. The barge will start operations in May. Another barge will also start operations in May on a contract with Dynamic Industries Inc to be used in Angola.

Marine Subsea AS has secured a long term contract for a Drillship capable of drilling in ultra-deep water. The vessel will represent the latest state of technology, and be capable of operations up to 10,000 ft of water, and drilling down to 40,000 ft. Operations is expected to commence during 2011, and the vessel has secured a 5 year contract with an operator in West Africa. Marine Subsea AS is currently negotiating with joint venture partners for the Drillship.

June 26th 2008 : Marine Subsea AS has secured a new barge contract in Angola. Our third barge, "African Installer" has won a contract with Dynamic International, LCC. The barge is currently under construction in Batam, Indonesia and will be ready for tow to Angola in September 2008.

July 30 2008

Marine Subsea AS has entered into a 10+5 year sale-lease-back transaction with a new company set up by Pareto Private Equity AS. The transaction includes the two Accommodation Construction Support Barges, African Fjord and African Caribe. Total sales price for the barges is MUS\$ 79 million. Marine Subsea will maintain full operational control of the assets (bareboat).

The sale of the barges triggers mandatory redemption in two of the bond loans outstanding. A redemption of USDm 34 to be repaid of the USDm 170 bond with ISIN NO 001037513.2 and a redemption of USDm 19.5 of the USDm 130 bond with ISIN NO 001035359.2.

Oslo, 30 July 2008

Marine Subsea has completed a private placement of shares directed towards selected Norwegian investors and international professional investors. The Board has resolved to issue 2,173,200 Shares at NOK 23, raising gross proceeds of up to approx. NOK 50 million.

The gross proceeds from the Private Placement and sales leaseback will be used to fund the company's ongoing construction program and to fulfill equity covenants in certain loan agreements.