

SCOMI MARINE BHD (397979-A)
(formerly known as HABIB CORPORATION BERHAD)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134

A1 Basis Of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2006:

FRS 2	Share-based payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentations
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

Up to 31 December 2005, the Group's consolidated financial statements were prepared in accordance with the FRSs with effective dates before 1 January 2006. Certain comparative figures in respect of 2005 have been restated to reflect the relevant adjustments.

A2 Changes in Accounting Policies (continued)

The adoption of FRS 3, 108, 110, 116, 121, 127, 132, 133, 136 and 138 does not have significant financial impact to the Group. With the adoption of the new applicable FRSs, the Group has effected the necessary changes to the accounting policies and disclosures as follows:

a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the minority interest, share of net after tax results of associated companies, and other disclosures. In the condensed consolidated balance sheet, minority interests are now presented within total equity. In the condensed consolidated income statements, minority interests are presented as an allocation of the net profit or loss for the period. A similar requirement is also applicable to the statements of changes in equity. This standard also requires disclosure, on the face of the statements of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to shareholders of the Company and to minority interests.

The current period's presentation of the Group's financial statements is based on the requirements of the revised FRS 101, with the comparatives restated to conform with the requirement.

b) FRS 2 : Share-based payment

This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company implements an equity-settled, share based compensation plan for the employees of the Group known as the Employees' Share Option Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognized in the consolidated income statement for share options granted. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercised.

With the adoption of FRS 2, the compensation expense relating to share options is recognized within staff costs in the consolidated income statement over the vesting periods of the grants with a corresponding increase in equity.

If an employee chooses to exercise the options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options are unexercised and lapsed, the related capital reserve is transferred directly to retained earnings.

The new accounting policy is to be applied retrospectively with comparative restated in accordance with FRS 2, except for the transitional provisions set out in paragraph 53 of FRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- a) all options granted to employees on or before 31 December 2004; and
- b) all options granted to employees after 31 December 2004 and which were vested before 1 January 2006.

No adjustments to the opening balances as at 1 January 2005 are required as no options existed at that time which were unvested as at 1 January 2006.

A2 Changes in Accounting Policies (continued)

The amount charged to the income statement as a result of the change of policy increase the administrative expenses for the three months ended 31 March 2006 by RM129,000 (three months ended 31 March 2005: Nil), with the corresponding amounts credited to the Options reserve.

Effect of the changes in policies on profit after taxation for the three months ended 31 March 2006.

Effect of changes in accounting policies (increase/decrease)	3 months ended 31 March 2006			3 months ended 31 March 2005		
	Share holders of the company RM'000	Minority interest RM'000	Total RM'000	Share holders of the company RM'000	Minority interest RM'000	Total RM'000
FRS 2						
Equity settled share based transaction	(129)	13	(116)	-	-	-
Total effect for the period	(129)	13	(116)	-	-	-
Effect on earnings per share:						
- basic earning per share (sen)	(0.02)	-	(0.02)	-	-	-
- diluted earnings per share (sen)	(0.02)	-	(0.02)	-	-	-

Details of the employees share option scheme can be found in the Company's audited financial statements for the year ended 31 December 2005.

c) FRS 5 : Non-current Assets Held for Sale and Discontinued Operations

An entity shall present a non-current asset classified as non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

On 25 January 2006, the Company announced that it had entered into a Share Sale Agreement with Habib Holdings Sdn Bhd ("MSHH") (formerly known as M.S. Habib Holdings Sdn. Bhd) for the proposed divestment of the jewellery business of the Group to MSHH. In relation to this, the Group has applied FRS 5 prospectively in accordance with its transitional provisions. FRS 5 requires an entity to present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either on the face of the balance sheet or in the notes. An entity shall present separately any cumulative income or expense recognized directly in equity relating to a non-current asset (or disposal group) classified as held for sale.

Details of the proposed divestment of the jewellery business is elaborated in Note B8 (a).

A2 Changes in Accounting Policies (continued)

New/revised FRSs which would be adopted from the financial period beginning 1 January 2007, are:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above new FRSs has no material effect on the results and financial position of the current and prior periods.

A3 Audit Report For Preceding Annual Financial Statements

The audit report for the Group's annual financial statements for the year ended 31 December 2005 was not subject to any qualifications.

A4 Seasonal Or Cyclical Factors

The Group's operations are generally not affected by any seasonal or cyclical factors except for the jewellery business whereby sales is usually enhanced during festive seasons.

A5 Unusual Items

Other than those disclosed, there were no unusual items that affected the assets, liabilities, equity, net income or cash flows in the current quarter under review.

A6 Changes in Estimates

The Group makes assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date during its review for impairment of goodwill.

The key assumptions and other key sources of estimation uncertainty mentioned above that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of those made during the review of impairment of goodwill. The Group determines whether goodwill is impaired on an annual basis. Estimating the value in use requires the Group to make an estimate of the expected future cashflows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cashflows. The carrying amount of goodwill as at 31 March 2006 was RM473.381million.

There were no changes in estimates that have had a material effect in the results for the quarter under review.

A7 Debt And Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and debt equity securities during the quarter under review.

A8 Dividend Paid

No dividends were paid during the quarter under review.

A9 Segment Reporting

Segment information as presented in respect of the Group's business segment.

	Investment holding RM'000	Manufacturing and Jewellery RM'000	Marine Services RM'000	Intersegment elimination RM'000	Total RM'000
REVENUE AND RESULTS					
REVENUE					
External sales	-	32,377	110,329	(1,247)	141,459
RESULTS					
Profit from operations	(1,108)	2,027	22,376	-	23,295
Interest expense	-	(261)	(11,314)	-	(11,575)
Interest income	175	26	1,178	-	1,379
Share of profits of an associated company	-	-	3,355	-	3,355
Profit before taxation	(933)	1,792	15,595	-	16,454
Taxation					(2,542)
Profit after taxation					13,912
Minority Interest					(693)
Net profit attributable to shareholders					13,219
ASSETS AND LIABILITIES					
ASSETS					
Assets employed in the segment	858,007	138,286	1,470,996	(828,480)	1,638,809
Investment in associated company		-	180,291	-	180,291
Consolidated total assets					1,819,100
LIABILITIES					
Liabilities in segment	12,384	92,584	826,254	(48,012)	883,210
OTHER INFORMATION					
Capital expenditure	-	9	23,377	-	23,386
Depreciation	-	737	13,515	-	14,252
Non cash expenses other than depreciation, amortization and impairment losses	-	-	-	-	-

A10 Valuation of Property, Plant and Equipment

There were no changes to the valuation of property and equipment brought forward from the previous annual financial statements.

A11 Material Subsequent Events

Save as disclosed in Note B8, there were no material events subsequent to the end of the quarter under review that have not been reflected in this condensed financial statements for this quarter.

A12 Changes In Composition Of The Group

Save as disclosed in the audited financial statements for the financial year ended 31 December 2005, there were no other changes in the composition of the Group for the current quarter.

A13 Discontinued Operations

The revenue, results and cash flows of the discontinued operations, jewellery business, were as follows:-

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 March 2006	Quarter Ended 31 March 2005	Period Ended 31 March 2006	Period Ended 31 March 2005
Revenue	32,377	32,923	32,377	32,923
Profit before taxation	1,792	2,242	1,792	2,242
Taxation	(765)	(814)	(765)	(814)
Profit for the period from discontinued operations	<u>1,027</u>	<u>1,428</u>	<u>1,027</u>	<u>1,428</u>
Cash flow from operating activities	1,595	3,478	1,595	3,478
Cash flows from investing activities	(8)	(240)	(8)	(240)
Cash flows from financing activities	6	(1,252)	6	(1,252)
Total cash flows	<u>1,593</u>	<u>1,986</u>	<u>1,593</u>	<u>1,986</u>

A13 Discontinued Operations ("continued")

The major classes of assets and liabilities of the jewellery division classified as held for sale as at 31 March 2006 were as follows:

	Quarter Ended 31 March 2006 RM'000
Assets:	
Property, plant and equipment	34,147
Inventories	95,081
Trade and other receivables	7,389
Tax recoverable	159
Cash and bank balances	1,176
Deferred Taxation	39
	<hr/> 137,991
Liabilities:	
Borrowings	19,328
Trade and other payables	23,680
Tax payables	482
Deferred tax	1,391
	<hr/> 44,881

A14 Contingent Liabilities

Details of contingent liabilities of the Group as at 17 May 2006 is as follows:-

	RM'000
Corporate Guarantees (unsecured) given to financial institutions for facilities granted to subsidiary companies (Note a)	27,779
Security provided by a subsidiary company to financial institutions for facilities granted to its associated company	18,050
Bank guarantees issued for charter marine contracts	13,726
	<hr/> 59,555

Note a :

This amount will not be part of the Group's Contingent Liabilities upon the completion of the Proposed Divestment exercise (details of the exercise is explained in Note B8 (a)).

A15 Capital Commitments

Details of capital commitments of the Group as at 17 May 2006, are as follows:-

	RM'000
Balance of 4 new vessels to be purchased by the Marine Logistics Group where payment to Chuan Hup Holdings Ltd. is due only on 30 September 2007	<u>43,108</u>

B BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Review Of Performance

For the 3 months ended 31 March 2006, the Group achieved a total turnover of RM109.082 million and Profit before tax of RM14.662 million. In accordance with FRS 5, the turnover and profit before taxation of the jewellery business has been excluded and is shown separately in Note A13.

Profit for the period was RM13.912 million compared to RM0.953 million in the corresponding period for the preceding year. The significant increase in the profit for the period was due to the acquisition of the Marine Logistics business, PTRT and CHO since September 2005. The results from the new activities contributed significantly to the first quarter results for 2006 compared to the corresponding period for the preceding year.

For the current quarter, the Marine Logistics business together with PTRT was the largest contributor generating revenue and profit after tax of RM109.082 million and RM9.53 million respectively. CH Offshore, the associated company was also a significant contributor, generating RM3.355 million to the Group's profit after taxation. The contribution from the jewellery business to the Group's profit after taxation is RM1.027 million.

B2 Comparison Of The Current Quarter Results Against Preceding Quarter

For the quarter under review, the Group reported revenue of RM109.082 million. This represents an increase of 17% from RM92.916 million (excluding turnover from the jewellery business) from the preceding quarter.

Profit after tax and after minority interest for the current quarter under review was RM13.219 million (of which RM1.027 million is derived from the jewellery business). This represents a drop of 35% from RM20.318 million from the preceding quarter. The significant decrease in the profit after taxation for the current quarter compared to the previous quarter was due to the monsoon season which was at its peak during the quarter, hence affecting the marine operations in terms of lower utilization rate for the vessels and higher operating costs.

B3 Current Year Prospects

As a marine based service company, the Group continues to be involved in two distinct businesses which has marine logistic services and offshore support services in the South East Asia and Middle East regions.

B3 Current Year Prospects (continued)

For the marine logistic services, whilst the Group continues to remain focused in maintaining its leadership position in the Indonesian market, it has also taken the first step towards its longer term involvement in bulk carrier activities in Malaysia. The Company had recently received a letter of intent from Tenaga Fuel Services Sdn Bhd for a 3 year contract (with the option to extend for another 2 years) to carry bulk coal. This marks the beginning of Scomi Marine's involvement in the transshipment business which forms part of the Group's overall strategy to become a complete supply chain transporter.

For the offshore support services, the strong emphasis on exploration and production activities should continue on the back of high oil prices. The Company, via its 51% subsidiary, MarineCo Pte. Ltd., a Labuan company entered into an agreement to purchase two new vessels currently deployed for an existing contract in Malaysian waters. The localisation of the vessels to Malaysia flagged, presents the Company the opportunity to further tap into the Malaysian offshore marine support services market. The Group continues to believe that the South East Asia and Middle East markets will remain as significant markets for its offshore marine support services business.

Against the backdrop of the difficult operating conditions for the coal transportation business for the first quarter of 2006, the Directors are of the view that the remaining months of 2006 will be challenging. Management is making every effort to ensure it addresses all issues and improves the performance of the Group.

B4 Profit Forecast

This section is not applicable as no profit forecast was published.

B5 Taxation Charge

The taxation comprises the following:-

	Current quarter 3 months ended 31 March 2006 RM'000	Cumulative quarter For period ended 31 March 2006 RM'000
Malaysian Income taxation		
- Current year	336	1,110
Foreign Income taxation		
- Current year	1,441	1,441
Total	1,777	1,777
Effective tax rate	12%	12%

The effective tax rate for the current quarter presented above is lower than the statutory tax rate principally due to tax exempt status for income derived from shipping operations in Singapore.

B6 Unquoted Investments And Properties

There were no sale of unquoted investments and properties for the current quarter.

B7 Particulars Of Purchase Or Disposal Of Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Proposals

Status of Corporate Proposals Announced

- (a) On 25 January 2006, the Company announced that it had entered into a Share Sale Agreement with MSHH for the proposed divestment of the jewellery business of Scomi Marine to MSHH for a total cash consideration of RM89,728,000 (which includes settlement of the amount owing by the jewellery business of RM43,327,000 to Scomi Marine)("Proposed Divestment").

The Proposed Divestment involves the following:

- (i) 3 ordinary shares of RM1.00 each, representing the entire share capital of Cantik Jewellery Sdn Bhd (*formerly known as CZ Jewelry Center Sdn Bhd*);
- (ii) 11,410,000 ordinary shares of RM1.00 each, representing the entire share capital of Habib Jewelry Manufacturing Sdn Bhd ;
- (iii) 1,000,000 ordinary shares of RM1.00 each, representing the entire share capital of Habib Jewels Sdn Bhd;
- (iv) 1,500,000 ordinary shares of RM1.00 each, representing the entire share capital of Haji M.A. Habib Mohamed Sdn Bhd ;
- (v) 150,002 ordinary shares of RM1.00 each, representing the entire share capital of Habib Jewels Franchise Sdn Bhd; and
- (vi) 1,500,000 ordinary shares of RM1.00 each, representing the entire share capital of Habib Jewels (Johor) Sdn Bhd.

The Proposed Divestment is conditional upon amongst others, the approval of the Securities Commissions of Malaysia ("SC"), Foreign Investment Committee ("FIC"), Ministry of International Trade & Industry ("MITI") and the approval of the shareholders of the Company.

The approval of MITI was obtained on 10 March 2006 and is conditional upon the following conditions:

- (i) SC's approval for the Proposed Divestment;
- (ii) Compliance with FIC Guidelines; and
- (iii) The Company informing MITI upon completion of the Proposed Divestment.

B8 Corporate Proposals (continued)

Status of Corporate Proposals Announced (continued)

The approval of the SC for the Proposed Divestment was obtained on 21 April 2006. The SC's approval is subject to the following conditions:

- (i) The Company utilising the proceeds raised from the Proposed Divestment only for its core business activities if the proceeds are not used for the repayment of borrowings;
- (ii) The Company to comply with the relevant requirements of the SC Guidelines pertaining to the implementation of the Proposed Divestment; and
- (iii) The Company to inform the SC upon completion of the Proposed Divestment.

The approval of the FIC (through the SC under the FIC Guidelines) was obtained on 21 April 2006.

- (b) On 25 January 2006, the Company also announced the proposed modification to certain terms of the Redeemable Convertible Cumulative Preference Shares ("RCCPS") of the Company to facilitate the conversion of the RCCPS earlier than the original conversion date of 1 October 2006 ("Proposed RCCPS Modification"); and the proposed exemption to Scomi Group Bhd ("Scomi") and parties acting in concert with Scomi ("PACs") from the obligation to undertake a mandatory offer on all the remaining shares in the Company already owned by Scomi and its PACs upon the conversion of the SMB RCCPS held by Scomi into the Company's shares, subsequent to the Proposed Modification ("Proposed Exemption").

The Proposed RCCPS Modification is conditional upon amongst others, the approval of the SC and the shareholders of the Company. The Proposed Exemption is conditional upon amongst others the approval of the minority shareholders of the Company.

The approval of the SC for the Proposed RCCPS Modification was obtained on 21 April 2006. The SC's approval is subject to the following conditions:

- (i) The Company to comply with the relevant requirements of the SC Guidelines pertaining to the implementation of the Proposed RCCPS Modification; and
- (ii) The Company to inform the SC upon completion of the Proposed RCCPS Modification.

B8 Corporate Proposals (continued)

Status of Corporate Proposals Announced (continued)

On 25 April 2006, the SC informed that the Proposed Exemption will only be considered by the SC after the following conditions have been met:

- (i) SCOMI and its PACs are to submit written declarations to the SC that they have not acquired any of Scomi Marine's voting shares in the six (6) months prior to the date of application of the Proposed Exemption, and that they have not acquired any of Scomi Marine voting shares in the six (6) months prior to the posting of the Circular to shareholders, but subsequent to negotiations, discussions, understandings or agreements with the Directors in relation to the proposed conversion of the RCCPS, whichever is the earlier, and will continue not to acquire any of Scomi Marine's voting shares until the Extraordinary General Meeting ("EGM") and receipt of approval for the Proposed Exemption from the SC;
 - (ii) approval for the Proposed Exemption is obtained from the Company's independent shareholders on a poll in an EGM in which the PACs and any other interested parties shall abstain from voting; and
 - (iii) provision of competent independent advice to the shareholders of the Company, regarding the Proposed Exemption whereby the prior approval of the SC is to be sought with regard to the appointment of the Independent Adviser and the Independent Advice Letter to our independent shareholders in relation to the Proposed Exemption.
- (c) On 24 April 2006, the Company announced that Scomi Marine had on the same date acquired an aggregate of 51% equity interest, representing fifty one (51) ordinary shares of USD1.00 each in MarineCo Limited ("MarineCo"), a Labuan incorporated company. Pursuant to the acquisition, MarineCo became a subsidiary of Scomi Marine. The remaining 49% equity interest of MarineCo is held by CH Offshore Limited ("CHO"), a Singapore incorporated company where the 49% equity interest was acquired by CHO on the same date.

MarineCo has been dormant since its incorporation on 9 November 2004, but is intended to be principally involved in the leasing of marine vessels.

On 24 April 2006, the Company also announced that MarineCo entered into two (2) Memoranda of Agreements ("MOA") with CHO to acquire the following vessels from CHO ("Proposed Acquisitions"):

- a) the "Beryl"; and
- b) the "Zircon";

(collectively the "Vessels") both registered in the ownership of CHO under the laws and flag of Singapore, for a total consideration of USD 23 million. The MOA sets out the general terms of the Proposed Acquisitions and the parties will enter into a more definitive Joint Venture Agreement in due course.

B9 Group Borrowings

The Group borrowings as at 31 March 2006 are as follows:-

	RM'000
Short Term borrowings (secured):	
(a) under the liabilities directly associated with assets classified as held for sale	18,400
(b) other than (a) above	<u>81,330</u>
	<u>99,730</u>
Long Term borrowings (secured)	<u>494,634</u>
(a) under the liabilities directly associated with assets classified as held for sale	928
(b) other than (a) above	<u>493,706</u>
	<u>494,634</u>
	<u>594,364</u>

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	
- Under the liabilities directly associated with assets classified as held for sale	19,328
US Dollars	
- Other than the above	<u>575,036</u>
	<u>594,364</u>

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at the end of the current quarter.

B11 Material Litigation

There are no further development from the legal cases announced previously. Apart from this, there are no other new material litigation initiated by, or against, the Group.

B12 Proposed Dividend

Subject to shareholders' approval at the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005 has been recommended, with details as follows:-

- i) A final tax exempt dividend of 2% per share;
- ii) Estimated date payable is September 2006; and
- iii) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at book closure date.

Total dividend per share for the financial year ended 31 December 2005 was 2 sen per share (For the financial year ended 31 December 2004 : 2.5 sen tax exempt dividend per share)

No interim ordinary dividend has been declared for the current quarter ended 31 March 2006 (31 March 2005 : Nil).

B13 Earnings Per Share (EPS)

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 March 2006	Quarter Ended 31 March 2005	Period Ended 31 March 2006	Period Ended 31 March 2005
Basic earnings per share				
Profit from continuing operations (RM'000)	12,192	(475)	13,219	(475)
Less: Dividend on RCCPS (RM'000)	(864)	-	(864)	-
Profit from continuing operations after dividend on RCCPS (RM'000)	11,328	(475)	11,328	(475)
Profit from discontinued operation (RM'000)	1,027	1,428	1,027	1,428
	12,355	953	12,355	953
Weighted average number of ordinary shares in issue ('000)	587,913	74,000	587,913	74,000
Basic earnings per share (sen) :-				
- For profit from continuing operations	1.93	(0.64)	1.93	(0.64)
- For profit from discontinued operations	0.17	1.93	0.17	1.93
Profit for the period	2.10	1.29	2.10	1.29
Fully diluted earnings per share				
Profit from continuing operations (RM'000)	12,192	953	12,192	953
Profit from discontinued operation (RM'000)	1,027	-	1,027	-
Net profit (RM'000)	13,219	N/A	13,219	N/A
Weighted average number of ordinary shares in issue ('000)	587,913	N/A	587,913	N/A
Assumed shares issued from the exercise of ESOS ('000)	1,040	N/A	1,040	N/A
New shares issued arising from the conversion of RCCPS ('000)	139,130	N/A	139,130	N/A
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	728,083	N/A	728,083	N/A
Diluted earnings per share (sen):-				
- For profit from continuing operations	1.68	N/A	1.68	N/A
- For profit from discontinued operations	0.14	N/A	0.14	N/A
Profit for the period	1.82	N/A	1.82	N/A

B14 Authorised For Issue

The interim financial statements were authorized for issue on 24 May 2006 by the Board of Directors.