



**S&B Industrial Minerals S.A.**

**Interim Condensed  
Financial Statements**

**for the nine month period  
ended September 30, 2006**

**in accordance with  
International Financial  
Reporting  
Standards,  
adopted by the  
European Union**

The accompanying Interim Condensed Financial Statements have been approved by the Board of Directors on November 15, 2006 and have been published on the website in the following address: [www.sandb.com](http://www.sandb.com). It is noted that the purpose of the published condensed financial data to the Press is to provide the users with certain general financial data, however, they do not provide a full view of the Company's financial position and results of their operations, in accordance with International Financial Reporting Standards (IFRS). It is also noted that certain amounts have been condensed in the published financial data to the Press, for simplicity reasons.

Chief Executive Officer

Efthimios O. Vidalis

Group  
Chief Financial Officer

Sotiris D. Hatzikos

**S&B Industrial Minerals S.A.**

**INCOME STATEMENT  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006**

**(Amounts in thousand Euro, except per share data)**

	<u>1/1 - 30/9/2006</u>	<u>1/1 - 30/9/2005</u>	<u>1/7 - 30/9/2006</u>	<u>1/7 - 30/9/2005</u>
Sales	104.324	108.392	36.655	34.825
Cost of sales	(73.954)	(79.484)	(25.815)	(25.432)
<b>Gross profit</b>	<b>30.370</b>	<b>28.908</b>	<b>10.840</b>	<b>9.393</b>
Administrative expenses	(18.700)	(17.715)	(6.100)	(5.813)
Selling expenses	(2.203)	(2.320)	(747)	(937)
Other income / (expense), net	2.844	1.264	708	526
<b>Profit before income tax, financial and investing income/(expense)</b>	<b>12.311</b>	<b>10.137</b>	<b>4.701</b>	<b>3.169</b>
Financial income / (expense), net	(3.399)	(2.825)	(928)	(1.283)
Share of profit from associates	2.097	2.935	-	109
Profit from interest stake sale to subsidiary	-	1.503	-	-
<b>Profit before tax</b>	<b>11.009</b>	<b>11.750</b>	<b>3.773</b>	<b>1.995</b>
Income tax	(2.070)	(3.243)	(722)	(550)
<b>Net profit</b>	<b>8.939</b>	<b>8.507</b>	<b>3.051</b>	<b>1.445</b>

The accompanying notes are an integral part of these interim condensed financial statements

**S&B Industrial Minerals S.A.**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2006**  
**(Amounts in thousand Euro)**

	<u>September 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b><u>ASSETS</u></b>		
<b>Non current assets</b>		
Tangible assets	78.494	80.361
Investment property	23.847	24.156
Intangible assets	819	1.314
Goodwill	25.129	25.129
Deferred tax assets	2.629	2.801
Investments in subsidiaries	99.172	99.079
Investments in associates	3.773	3.773
Other non current assets	1.018	1.160
<b>Total non current assets</b>	<b><u>234.881</u></b>	<b><u>237.773</u></b>
<b>Current assets</b>		
Inventories	28.097	27.149
Trade accounts receivable	16.740	17.516
Due from related parties	10.917	8.738
Other current receivables	10.062	12.739
Derivative financial assets	148	-
Cash and cash equivalents	4.936	21.945
<b>Total current assets</b>	<b><u>70.900</u></b>	<b><u>88.087</u></b>
<b>Total Assets</b>	<b><u>305.781</u></b>	<b><u>325.860</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity</b>		
Share capital	30.454	30.382
Share premium	27.009	26.445
Gains/(Losses) from derivative valuation	39	(268)
Share option plan reserve	745	509
Reserves	78.703	80.120
Retained earnings	22.510	20.357
<b>Total equity</b>	<b><u>159.460</u></b>	<b><u>157.545</u></b>
<b>Provisions</b>		
Provision for staff leaving indemnities	6.090	5.831
Provision for environment rehabilitation	10.085	10.397
Other provisions	198	127
<b>Total provisions</b>	<b><u>16.373</u></b>	<b><u>16.355</u></b>
<b>Non current liabilities</b>		
Interest-bearing loans and borrowings	74.644	107.762
Grants	2.224	2.359
Other non current liabilities	56	57
<b>Total non current liabilities</b>	<b><u>76.924</u></b>	<b><u>110.178</u></b>
<b>Current liabilities</b>		
Trade accounts payable	6.514	9.430
Current portion of long term loans and borrowings	33.175	19.905
Income tax payable	981	1.776
Dividends payable	53	48
Other current liabilities	12.301	10.623
<b>Total current liabilities</b>	<b><u>53.024</u></b>	<b><u>41.782</u></b>
<b>Total equity and liabilities</b>	<b><u>305.781</u></b>	<b><u>325.860</u></b>

The accompanying notes are an integral part of these interim condensed financial statements.

**S&B Industrial Minerals S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006**  
**(Amounts in thousand Euro)**

	Share Capital	Share Premium	Treasury shares	Share option Plan Reserve	Gains/(Losses) from derivative valuation	Reserves	Retained Earnings	Total Equity
<b>January 1, 2005</b>	<b>30.154</b>	<b>30.432</b>	<b>(4.769)</b>	<b>592</b>	<b>-</b>	<b>72.365</b>	<b>16.000</b>	<b>144.774</b>
- Profit for the period	-	-	-	-	-	-	8.507	<b>8.507</b>
- Dividend distribution	-	-	-	-	-	-	(1.809)	<b>(1.809)</b>
- Recognition of share option	-	5	-	172	-	-	-	<b>177</b>
- Approval of shares distribution to personnel	-	-	-	-	-	71	(71)	-
- Derivative valuation (net of deferred tax asset Euro 57)	-	-	-	-	(337)	-	-	<b>(337)</b>
- Accumulated effect of adapting IAS 39 (net of deferred tax asset Euro 58)	-	-	-	-	99	-	(222)	<b>(123)</b>
- Share capital increase	5.498	-	-	-	-	(5.498)	-	-
- Return of capital to share holders	(5.428)	-	-	-	-	-	-	<b>(5.428)</b>
- Sale of treasury shares	-	-	4.769	-	-	-	(900)	<b>3.869</b>
- Transfer to reserves for future share capital increase	-	(5.428)	-	-	-	5.428	-	-
<b>September 30, 2005</b>	<b>30.224</b>	<b>25.009</b>	<b>-</b>	<b>764</b>	<b>(238)</b>	<b>72.366</b>	<b>21.505</b>	<b>149.630</b>
<b>January 1, 2006</b>	<b>30.382</b>	<b>26.445</b>	<b>-</b>	<b>509</b>	<b>(268)</b>	<b>80.120</b>	<b>20.357</b>	<b>157.545</b>
- Profit for the period	-	-	-	-	-	-	8.939	<b>8.939</b>
- Dividend distribution	-	-	-	-	-	(1.417)	(6.786)	<b>(8.203)</b>
- Recognition of share option	-	-	-	236	-	-	-	<b>236</b>
- Increase share capital	72	564	-	-	-	-	-	<b>636</b>
- Derivative valuation (net of deferred tax liability Euro 173)	-	-	-	-	307	-	-	<b>307</b>
<b>September 30, 2006</b>	<b>30.454</b>	<b>27.009</b>	<b>-</b>	<b>745</b>	<b>39</b>	<b>78.703</b>	<b>22.510</b>	<b>159.460</b>

The accompanying notes are an integral part of these interim condensed financial statements.

**S&B Industrial Minerals S.A.**  
**CASH FLOW STATEMENT**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006**  
**(Amounts in thousand Euro)**

	1/1-30/9/2006	1/1-30/9/2005
<b>Cash flows from operating activities</b>		
Profit before tax	<b>11.009</b>	<b>11.750</b>
Adjustments for:		
- Depreciation and amortization	11.478	11.536
- Subsidies amortization	(135)	(150)
- Provisions for environment rehabilitation	499	2
- Provision for share option plan	236	172
- Other provisions	688	533
- Financial income	(117)	(894)
- Financial expense	3.516	3.718
- Dividend income	(2.097)	(2.935)
- Gain from decrease of investment in subsidiary	-	(1.503)
- Gains/(losses) from disposal of property, plant and equipment	-	(18)
	<b>25.077</b>	<b>22.211</b>
(Increase) / Decrease of:		
- Non current assets	142	898
- Inventories	(1.882)	(3.985)
- Trade accounts receivable	754	(16.487)
- Due from related parties	(2.180)	3.290
- Other current assets	2.678	(1.769)
Increase / (Decrease) of:		
- Other non current liabilities	(1)	(156)
- Trade and other payable	(2.916)	4.235
- Other current liabilities	1.392	4.565
Payments for environment rehabilitation	(640)	(656)
Staff leaving indemnities paid	(338)	(664)
Income tax paid	(2.243)	(556)
<b>Net cash flows from operating activities</b>	<b>19.843</b>	<b>10.926</b>
<b>Cash flows from investing activities:</b>		
- Capital expenditure for property, plant and equipment	(8.644)	(8.818)
- Capitalized depreciation	384	301
- Investments in subsidiaries	(127)	-
- Dividends received from associates	1.917	2.259
- Income from decrease of investment in subsidiary	33	1.680
- Income from sale of treasury shares	-	3.869
- Income from disposal of property, plant and equipment	21	91
<b>Net cash flows from investing activities</b>	<b>(6.416)</b>	<b>(618)</b>
<b>Cash flows from financing activities:</b>		
- Net decrease of short-term borrowing	-	(60.515)
- Increase of long-term borrowing	56	105.098
- Decrease of long-term borrowing	(19.905)	(33.877)
- Dividends paid	(8.197)	(1.827)
- Return of capital to share holders	-	(5.428)
- Financial income received	117	71
- Financial expense paid	(2.507)	(2.866)
<b>Net cash flows from financing activities</b>	<b>(30.436)</b>	<b>656</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(17.009)</b>	<b>10.964</b>
Cash and cash equivalents at beginning of period	<b>21.945</b>	<b>408</b>
<b>Cash and cash equivalents at period end</b>	<b>4.936</b>	<b>11.372</b>

The accompanying notes are an integral part of these interim condensed financial statements.

## ACCOMPANYING NOTES

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**S&B Industrial Minerals S.A.**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**SEPTEMBER 30, 2006**

(Amounts in thousand Euro, unless otherwise stated)

**1. THE COMPANY AND ITS OPERATIONS**

S&B Industrial Minerals S.A. (“the Company” or “S&B”) is a Greek corporation mainly engaged in the extraction, processing, distribution and supply of industrial minerals. The Company was incorporated in 1934 and since 1994 its shares are listed on the Athens Exchange.

The S&B headquarters are located in Kifissia, Attica, 15 A.Metexa str., and in 1997, its duration was extended for a period of 50 years up to 2034. As at September 30, 2006 and as at December 31, 2005 the Company employed 715 and 709 employees, respectively.

**2. BASIS OF PRESENTATION**

The accompanying interim condensed financial statements for the period ended September 30, 2006 (hereinafter referred to as “the financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), adopted by the European Union, and more specifically with the provisions of IAS 34 “Interim financial reporting”.

There are no standards applied in advance of their effective date. The financial statements have been prepared under the historical cost convention, except for investment properties, and specific tangible assets, which at the date of transition to IFRS, (January 1, 2004), were measured at fair value and those fair values were used as deemed cost as of the above date. Financial instruments and investments available-for-sale are also measured at fair value.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the last published annual financial statements as at 31 December, 2005.

**3. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the accompanying financial statements, are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2005. It is noted that certain prior year / period amounts have been reclassified for presentation purposes.

**4. SALES**

Sales in the accompanying financial statements are analyzed as follows:

	<u>September 30, 2006</u>	<u>September 30, 2005</u>
Bentonite	44.345	44.800
Perlite	26.104	25.229
Bauxite	32.798	37.603
Other	1.077	760
<b>Total</b>	<u><b>104.324</b></u>	<u><b>108.392</b></u>

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**SEPTEMBER 30, 2006**

(Amounts in thousand Euro, unless otherwise stated)

**5. UNAUDITED TAX YEARS**

Within July 2006, the tax authorities completed the tax audit for the fiscal years 2003 and 2004. Moreover, fiscal years 2001 and 2002 have been finalized. The outcome of the tax audits of the above mentioned fiscal years resulted in additional income tax assessments of Euro 568, out of which Euro 44 charged to current year's income statement, while the remaining amount is fully covered from prior years' established provisions.

**6. EXISTING LIENS**

No liens and encumbrances exist on the Company's assets.

**7. PENDING LITIGATION AND ARBITRATION**

The Company is a party to various lawsuits and arbitration proceedings in the normal course of business, for which S&B has provided the amount of approximately Euro 64 in the accompanying financial statements. Beyond these tax cases, for which the above provision was established, the Company's management considers that the outcome of the remaining pending litigation is not expected to have a material adverse effect on the Company's financial position.

Moreover, petitions of reversal have been submitted before the Council of State, against the Greek State and the administrative act which approves the Environmental Study issued by the Parent regarding the exploitation of bauxite deposits covering area of 9.244 thousand square meters in the mountain of Giona. The petitions of reversal were finally heard before the Council of State on October 4, 2006 along with the interventions of S&B in support of the Greek State and the validity of the aforementioned act. The petitioners had also asked for the suspension of the disputed act. The Commission of Suspension of the Council of State by its decision nr. 504/2006 suspended the implementation of the disputed act as to the part regarding the operation in the new exploitations, until issuance of a definitive decision on the petitions of reversal. The decision of suspension is expected to influence the production program of the Parent for year 2007. The Parent has located alternative sources of supply/production of bauxite outside Greece in order to face the expected partial reduction on the production and to minimize, in combination with redefined production plans in Greece, a long-term material effect on its operation and financial position.

**8. RELATED PARTY TRANSACTIONS**

The Company's sales and purchases to and from related parties for the nine month period ended September 30, 2006 amounted to Euro 32,21 million and Euro 1,40 million, respectively.

Amounts due from and due to related parties of the Company as of September 30, 2006 amounted to Euro 12,89 million and Euro 1,61 million, respectively.

Transactions with key management and Board members amounted to Euro 3,01 million. Key management and Board members amounts due amounted to Euro 1,32 million.

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**IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**SEPTEMBER 30, 2006**

(Amounts in thousand Euro, unless otherwise stated)

**9. CAPITAL EXPENDITURES**

The Company realized capital expenditures for the nine month period ended September 30, 2006 of Euro 8,6 million (Euro 8,8 million for the nine month period ended September 30, 2005).

**10. CURRENT PERIOD SIGNIFICANT EVENTS**

**Share Capital**

At December 31, 2005 the Company's share capital amounted to Euro 30.381.770,00 comprised of 30.381.770 common shares of Euro 1,00 par value each.

At June 1, 2006 the Shareholders' General Assembly of the Company, decided share capital increase by Euro 72.230,00 by issuing 72.230 new common shares of Euro 1,00 par value each, through capitalization of undistributed profits that were distributed at no consideration to S&B executives after the approval of administrative authorities (Approval K2-8977/23.06.06 from the Ministry of Development).

As a result, at September 30, 2006 the share capital of the Company amounted to Euro 30.454.000,00 comprised of 30.454.000 common shares of Euro 1,00 par value each.

**Dividends**

On June 1, 2006 the Company's regular General Assembly has approved dividend distribution of Euro 8.203.077,90 (Euro 0,27 per share).

**Share Options**

At June 1, 2006 the Shareholders' General Assembly of the Company approved the grant of 110.000 share options to certain executives of the Company and its subsidiaries, in the context of the new stock option plan. The award price has been set to Euro 8,91 per share.

**Treasury Shares**

At June 1, 2006 the Shareholders' General Assembly of the Company approved the purchase of treasury shares. The maximum number of shares that may be purchased is 3.038.177 and are related to the 10% of the total Company's shares as of December 31, 2005. The maximum possible purchase price is set to Euro 20,00 per share and the minimum is set to Euro 1,00 per share. The purchases can be made within 12 months, commencing on June 2, 2006.

**11. EARNINGS PER SHARE**

Earnings per share have been calculated based on the Consolidated Profit and they are presented in the Consolidated Financial Statements prepared by the Company, according to IAS 34 "Interim Financial Statements".

**S&B Industrial Minerals S.A.**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**SEPTEMBER 30, 2006**

(Amounts in thousand Euro, unless otherwise stated)

**12. CONTINGENCIES - COMMITMENTS**

At September 30, 2006 the Company has issued letters of guarantee for mining rights and licenses, for a total amount of Euro 3,81 million (at December 31, 2005 Euro 4,80 million), as well as for repayment of bank overdrafts of various subsidiaries for a total amount of approximately Euro 27,76 million (at December 31, 2005 Euro 27,30 million).

**13. RECLASSIFICATIONS**

Prior year / period amounts that have been reclassified for presentation purposes are as follows: a) an amount of Euro 614 related to income tax receivable from the tax authorities has been transferred from other current assets to income tax payable in the balance sheet as of December 31, 2005, b) amounts of Euro 524 and Euro 274 related to possible income tax liabilities have been reclassified from other provisions and other current liabilities, respectively, to income tax payable in the balance sheet as of December 31, 2005.

**14. PROCEEDS AND PAYMENTS OF BANK LOANS**

On February 6, 2006 the Company repaid Euro 19.905 as an installment of a medium term syndicated loan bearing an interest rate of Euribor plus spread.