



S&B Industrial Minerals S.A.

**Interim Condensed
Financial Statements**

**for the six-month period
ended June 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 August 30, 2006 and have been published on the website in the following address: 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

ENGLISH TRANSLATION FROM THE GREEK ORIGINAL

INDEPENDENT AUDITORS' REVIEW REPORT

**TO THE SHAREHOLDERS OF
S&B Industrial Minerals S.A.:**

We have reviewed the accompanying interim condensed standalone financial statements (“the financial statements”) of S&B Industrial Minerals S.A. for the six month period ended June 30, 2006. We did not separately review the income statement for the second quarter of 2006. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting, as adopted by the European Union (“IAS 34”). Our responsibility is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with the Greek Standard on Review Engagements which is based on the relevant International Standard on Review Engagements. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than the work performed in order to issue an audit report on financial statements. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order to comply with the International Financial Reporting Standards applicable to interim financial reporting, as adopted by the European Union (“IAS 34”).

Athens, August 30, 2006

John Mystakidis
A.M. ICA(GR) 16511

Ernst & Young (Hellas)
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 **ERNST & YOUNG**

S&B Industrial Minerals S.A.

**INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006
(Amounts in thousand Euro, except per share data)**

	<u>1/1 - 30/6/2006</u>	<u>1/1 - 30/6/2005</u>	<u>1/4 - 30/6/2006</u>	<u>1/4 - 30/6/2005</u>
Sales	67.670	73.567	35.869	41.801
Cost of sales	(48.140)	(54.052)	(25.722)	(31.267)
Gross profit	19.530	19.515	10.147	10.534
Administrative expenses	(12.600)	(11.903)	(6.871)	(6.138)
Selling expenses	(1.456)	(1.382)	(716)	(471)
Other income / (expense), net	2.136	738	648	203
Profit before income tax, financial and investing income/(expense)	7.610	6.968	3.208	4.128
Financial income / (expense), net	(2.472)	(1.542)	(1.252)	(776)
Share of profit from associates	2.097	2.826	2.097	2.826
Profit from interest stake sale to subsidiary	-	1.503	-	1.503
Profit before tax	7.235	9.755	4.053	7.681
Income tax	(1.347)	(2.693)	(632)	(2.133)
Net profit	5.888	7.062	3.421	5.548

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

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

	June 30, 2006	December 31, 2005
<u>ASSETS</u>		
Non current assets		
Tangible assets	79.906	80.361
Investment property	23.950	24.156
Intangible assets	1.000	1.314
Goodwill	25.129	25.129
Deferred tax assets	2.560	2.801
Investments in subsidiaries	99.202	99.079
Investments in associates	3.773	3.773
Other non current assets	1.039	1.160
Total non current assets	236.559	237.773
Current assets		
Inventories	23.199	27.149
Trade accounts receivable	13.979	17.516
Due from related parties	10.968	8.738
Other current receivables	11.861	12.739
Derivative financial assets	421	-
Cash and cash equivalents	3.397	21.945
Total current assets	63.825	88.087
Total Assets	300.384	325.860
<u>EQUITY AND LIABILITIES</u>		
Equity		
Share capital	30.454	30.382
Share premium	27.009	26.445
Gains/(Losses) from derivative valuation	209	(268)
Share option plan reserve	585	509
Reserves	78.703	80.120
Retained earnings	19.459	20.357
Total equity	156.419	157.545
Provisions		
Provision for staff leaving indemnities	5.977	5.831
Provision for environment rehabilitation	10.024	10.397
Other provisions	127	127
Total provisions	16.128	16.355
Non current liabilities		
Interest-bearing loans and borrowings	74.625	107.762
Grants	2.269	2.359
Other non current liabilities	56	57
Total non current liabilities	76.950	110.178
Current liabilities		
Trade accounts payable	5.986	9.430
Current portion of long term loans and borrowings	33.175	19.905
Income tax payable	2.544	1.776
Dividends payable	54	48
Other current liabilities	9.128	10.623
Total current liabilities	50.887	41.782
Total equity and liabilities	300.384	325.860

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 SIX MONTH PERIOD ENDED JUNE 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
January 1, 2005	30.154	30.432	(4.769)	592	-	72.365	16.000	144.774
- Profit for the period	-	-	-	-	-	-	7.062	7.062
- Dividend distribution	-	-	-	-	-	-	(1.809)	(1.809)
- Recognition of share option	-	-	-	95	-	-	-	95
- Approval of shares distribution to personnel	-	-	-	-	-	71	(71)	-
- Derivative valuation (net of deferred tax asset Euro 86)	-	-	-	-	(282)	-	-	(282)
- Accumulated effect of adapting IAS 39 (net of deferred tax asset Euro 58)	-	-	-	-	99	-	(222)	(123)
- Sale of treasury shares	-	-	4.769	-	-	-	(900)	3.869
- Transfer to reserves for future share capital increase	-	(5.428)	-	-	-	5.428	-	-
June 30, 2005	30.154	25.004	-	687	(183)	77.864	20.060	153.586
January 1, 2006	30.382	26.445	-	509	(268)	80.120	20.357	157.545
- Profit for the period	-	-	-	-	-	-	5.888	5.888
- Dividend distribution	-	-	-	-	-	(1.417)	(6.786)	(8.203)
- Recognition of share option	-	-	-	76	-	-	-	76
- Increase share capital	72	564	-	-	-	-	-	636
- Derivative valuation (net of deferred tax liability Euro 86)	-	-	-	-	477	-	-	477
June 30, 2006	30.454	27.009	-	585	209	78.703	19.459	156.419

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

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

	1/1-30/6/2006	1/1-30/6/2005
Cash flows from operating activities		
Profit before tax	<u>7.235</u>	<u>9.755</u>
Adjustments for:		
- Depreciation and amortization	6.949	7.576
- Subsidies amortization	(90)	(100)
- Provisions for environment rehabilitation	122	2
- Provision for share option plan	76	95
- Other provisions	398	199
- Financial income	(102)	(881)
- Financial expense	2.574	2.423
- Dividend income	(2.097)	(2.826)
- Gain from decrease of investment in subsidiary	-	(1.503)
- Gains/(losses) from disposal of property, plant and equipment	3	(48)
	<u>15.068</u>	<u>14.692</u>
(Increase) / Decrease of:		
- Non current assets	121	63
- Inventories	3.066	1.762
- Trade accounts receivable	3.536	(6.953)
- Due from related parties	(2.035)	(3.573)
- Other current assets	862	(2.289)
Increase / (Decrease) of:		
- Other non current liabilities	(1)	(156)
- Trade and other payable	(3.444)	(2.274)
- Other current liabilities	(1.114)	1.969
Payments for environment rehabilitation	(495)	(390)
Staff leaving indemnities paid	(251)	(417)
Income tax paid	(427)	(222)
Net cash flows from operating activities	<u>14.886</u>	<u>6.760</u>
Cash flows from investing activities:		
- Capital expenditure for property, plant and equipment	(5.360)	(5.904)
- Capitalized depreciation	262	341
- Investments in subsidiaries	(123)	-
- Dividends received from associates	1.917	319
- Income from decrease of investment in subsidiary	-	1.680
- Income from sale of treasury shares	-	3.869
- Income from disposal of property, plant and equipment	7	49
Net cash flows from investing activities	<u>(3.297)</u>	<u>(354)</u>
Cash flows from financing activities:		
- Net decrease of short-term borrowing	-	(60.012)
- Increase of long-term borrowing	-	105.098
- Decrease of long-term borrowing	(19.905)	(33.877)
- Dividends paid	(8.197)	(1)
- Financial income received	102	20
- Financial expense paid	(2.137)	(2.142)
Net cash flows from financing activities	<u>(30.137)</u>	<u>9.086</u>
Net (decrease) / increase in cash and cash equivalents	<u>(18.548)</u>	<u>16.200</u>
Cash and cash equivalents at beginning of period	21.945	408
Cash and cash equivalents at period end	<u>3.397</u>	<u>16.608</u>

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
JUNE 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 June 30, 2006 and as at December 31, 2005 the Company employed 708 and 709 employees, respectively.

2. BASIS OF PRESENTATION

The accompanying interim condensed financial statements for the period ended June 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.

4. SALES

Sales in the accompanying financial statements are analyzed as follows:

	June 30, 2006	June 30, 2005
Bentonite	29.224	31.693
Perlite	17.072	16.125
Bauxite	20.736	25.240
Other	638	509
Total	67.670	73.567

S&B Industrial Minerals S.A.
INTERIM CONDENSED FINANCIAL STATEMENTS
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
JUNE 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 case after successive adjournments will be finally heard before the court on October 2006. S&B has intervened 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. 405/2006 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 six month period ended June 30, 2006 and 2005 amounted to Euro 20,80 million and Euro 0,89 million, respectively.

Moreover, amounts due from and due to related parties of the Company as of June 30, 2006 amounted to Euro 12,09 million and Euro 1,12 million, respectively.

9. CAPITAL EXPENDITURES

The Company realized capital expenditures for the six month period ended June 30, 2006 of Euro 5,36 million (Euro 5,90 million for the six month period ended June 30, 2005).

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

(Amounts in thousand Euro, unless otherwise stated)

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 Euro1,00 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 June 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 8.203.078,00 (Euro 0,27 per share), amount which was fully paid to the shareholders on June 14, 2006.

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".

12. CONTINGENCIES - COMMITMENTS

At June 30, 2006 the Company has issued letters of guarantee for mining rights and licenses, for a total amount of Euro 3,92 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 27,67 million (at December 31, 2005 Euro 27,3, million).

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INTERIM CONDENSED FINANCIAL STATEMENTS
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JUNE 30, 2006

(Amounts in thousand Euro, unless otherwise stated)

13. PROCEEDS AND PAYMENTS OF BANK LOANS

On February 6, 2006 the Company repaid Euro 19.904.800,45 as an installment of a medium term syndicated loan bearing an interest rate of Euribor plus spread.