



S&B Industrial Minerals S.A.

**Interim
Financial Statements**

**for the three-month period
ended March 31, 2006**

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

The accompanying interim Financial Statements 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

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S&B Industrial Minerals S.A.
INCOME STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2006
(Amounts in thousand Euro)

| | <u>1.1 - 31.3.2006</u> | <u>1.1. - 31.3.2005</u> |
|---|------------------------|-------------------------|
| Sales | 31.800 | 31.766 |
| Cost of sales | (22.418) | (22.785) |
| Gross profit | 9.382 | 8.981 |
| Administrative expenses | (5.730) | (5.764) |
| Selling expenses | (739) | (911) |
| Other income / (expense) | 1.489 | 535 |
| Profit before income tax, financial and investment results | 4.402 | 2.841 |
| Financial income | 125 | 476 |
| Financial expense | (1.344) | (1.242) |
| Profit before income tax | 3.183 | 2.075 |
| Income tax | (716) | (560) |
| Net profit | 2.467 | 1.515 |
| Attributable to: | | |
| Equity holders | 2.467 | 1.515 |
| Earning per share to Equity holders of the parent (Euro) | | |
| Basic | <u>0,08</u> | <u>0,05</u> |
| Weighted average number of shared | | |
| Basic | <u>30.381.770</u> | <u>29.463.310</u> |

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
BALANCE SHEET
MARCH 31, 2006
(Amounts in thousand Euro)

| | March 31 | December 31 |
|---|-----------------|--------------------|
| | 2006 | 2005 |
| <u>ASSETS</u> | | |
| Non current assets | | |
| Tangible assets | 79.109 | 80.361 |
| Investment property | 24.053 | 24.156 |
| Intangible assets | 1.137 | 1.314 |
| Goodwill | 25.129 | 25.129 |
| Deferred income taxes | 2.679 | 2.802 |
| Investments in subsidiaries | 99.136 | 99.079 |
| Investments in associates | 3.773 | 3.773 |
| Other non current assets | 1.107 | 1.161 |
| Total non current assets | 236.123 | 237.775 |
| Current assets | | |
| Inventories | 23.641 | 27.149 |
| Trade accounts receivable | 13.755 | 17.516 |
| Due from related parties | 9.628 | 8.738 |
| Other current receivable | 19.061 | 13.352 |
| Cash and cash equivalents | 4.852 | 21.945 |
| Total current assets | 70.937 | 88.700 |
| Total Assets | 307.060 | 326.475 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Equity | | |
| Share capital | 30.382 | 30.382 |
| Share premium | 26.445 | 26.445 |
| Losses from derivative valuation | (97) | (268) |
| Share Option Plan reserve | 547 | 509 |
| Reserves | 80.120 | 80.120 |
| Retained earnings | 22.824 | 20.357 |
| Total equity | 160.221 | 157.545 |
| Provisions | | |
| Provision for staff leaving indemnities | 5.962 | 5.831 |
| Provision for environment rehabilitation | 10.163 | 10.397 |
| Other provisions | 127 | 127 |
| Total provisions | 16.252 | 16.355 |
| Non current liabilities | | |
| Interest-bearing loans and borrowings | 74.606 | 107.762 |
| Grants | 2.314 | 2.359 |
| Other non current liabilities | 247 | 57 |
| Total non current liabilities | 77.167 | 110.178 |
| Current liabilities | | |
| Trade accounts payable | 4.877 | 9.430 |
| Short-term borrowings | 42 | - |
| Current portion of long term loans and borrowings | 33.175 | 19.905 |
| Income tax payable | 2.959 | 2.391 |
| Dividends payable | 47 | 48 |
| Other current liabilities | 12.320 | 10.623 |
| Total current liabilities | 53.420 | 42.397 |
| Total equity and liabilities | 307.060 | 326.475 |

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
COMPONENTS OF CHANGES IN EQUITY FOR THE
THREE MONTH PERIOD ENDED MARCH 31, 2006
(Amounts in thousand Euro)

| | <u>31.3.2006</u> | <u>31.3.2005</u> |
|--|-----------------------|-----------------------|
| Equity at the beginning of the period (1.1.2006 and 1.1.2005, respectively) | 157.545 | 144.774 |
| Net income recorded directly to equity | 171 | (347) |
| Net profit for the period | 2.467 | 1.515 |
| Recognition of share options to personnel | <u>38</u> | <u>46</u> |
| Equity at period end (31.3.2006 and 31.3.2005, respectively) | <u>160.221</u> | <u>145.988</u> |

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CASH FLOW STATEMENT
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2006
(Amounts in thousand Euro)

| | 1/1-31/3/2006 | 1/1-31/3/2005 |
|---|-----------------|----------------|
| Cash flows from operating activities | | |
| Profit before income tax | 3.183 | 2.075 |
| Adjustments for: | | |
| - Depreciation and amortization | 3.593 | 3.597 |
| - Subsidies amortization | (45) | - |
| - Provisions for environment rehabilitation | - | 112 |
| - Provision for share option plan | 38 | 46 |
| - Other provisions | 220 | (124) |
| - Financial income | (125) | (476) |
| - Financial expense | 1.344 | 1.242 |
| - Gains from disposal of property plant and equipment | 4 | - |
| | 8.212 | 6.472 |
| (Increase) / Decrease of: | | |
| - Non current assets | 53 | 393 |
| - Inventories | 3.508 | 2.656 |
| - Trade accounts receivable | 2.850 | (9.360) |
| - Other current assets | (5.709) | (672) |
| Increase / (Decrease) of: | | |
| - Other non current liabilities | 190 | 350 |
| - Trade and other payable | (4.554) | 284 |
| - Other current liabilities | 2.269 | (728) |
| Payments for environment rehabilitation | (235) | (160) |
| Staff leaving indemnities paid | (67) | - |
| Income tax paid | (125) | 223 |
| Net cash from operating activities | 6.392 | (542) |
| Cash flows from investing activities: | | |
| - Capital expenditure for property, plant and equipment | (2.184) | (3.142) |
| - Capitalized depreciation | 120 | 113 |
| - Investments in subsidiaries | (57) | - |
| - Interest received | 125 | 476 |
| - Income from disposal of property, plant and equipment | 0 | 0 |
| Net cash flows from investing activities: | (1.996) | (2.553) |
| Cash flows from financing activities: | | |
| - Net increase of short-term borrowing | 42 | 8.291 |
| - Increase of long-term borrowing | 13.270 | 16.587 |
| - Decrease of long-term borrowing | (33.156) | (19.904) |
| - Dividends paid | 0 | (1) |
| - Interest paid | (1.645) | (1.301) |
| Net cash flows from financing activities: | (21.489) | 3.672 |
| Net (decrease) / increase in cash and cash equivalents | (17.093) | 577 |
| Cash and cash equivalents at beginning of period | 21.945 | 408 |
| Cash and cash equivalents at period end | 4.852 | 985 |

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
INTERIM FINANCIAL STATEMENTS
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
MARCH 31, 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, as of 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 March 31, 2006 and as at December 31, 2005 the Company employed 703 and 709 employees, respectively.

2. BASIS OF PRESENTATION

The accompanying financial statements that constitute the Company’s financial statements (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.

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. SEGMENT INFORMATION

Sales per segment is analyzed as follows:

| | March 31 | March 31 |
|---------------|-----------------|-----------------|
| | 2006 | 2005 |
| Bentonite | 14.001 | 13.772 |
| Perlite | 7.969 | 7.221 |
| Bauxite | 9.591 | 10.589 |
| Non allocated | 239 | 184 |
| Total | <u>31.800</u> | <u>31.766</u> |

S&B Industrial Minerals S.A.
INTERIM FINANCIAL STATEMENTS
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
MARCH 31, 2006

(Amounts in thousand Euro, unless otherwise stated)

5. UNAUDITED TAX YEARS

The Company has been temporarily tax audited for the years 2001 and 2002. Fiscal years 2003 and 2004 are currently under tax examination.

6. EXISTING LIENS AND ENCUMBRANCES

No liens and encumbrances exist on the Company's fixed 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 € 64 thousand 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.

- *Environmental Issues:* 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 Company regarding the exploitation of bauxite deposits covering an 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 have also asked for the suspension of the disputed act; temporary measures imposed on the exploitation of new deposits affect the smoothness of the bauxite production of the Company; however under the present circumstances, the Company believes that this case is not expected to have any material effect on their long-term operation and financial position.

8. RELATED PARTY TRANSACTIONS

The Company's sales to and purchases from related parties amounted to € 10,73 million and € 0,26 million, respectively, for the three month period ended March 31, 2006. Company's amounts due from and due to related parties at period end amounted to € 11,98 million and € 1,69 million respectively.

9. CAPITAL EXPENDITURES

Capital expenditures for the first quarter of 2006 are amounted to € 2,18 million (€ 3,14 million in the first quarter of 2005).

S&B Industrial Minerals S.A.
INTERIM FINANCIAL STATEMENTS
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
MARCH 31, 2006

(Amounts in thousand Euro, unless otherwise stated)

10. CURRENT PERIOD SIGNIFICANT EVENTS

Dividends

Under Greek corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater. Without the unanimous consent of all shareholders, a company may not declare any dividend. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves, and
- (b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Pre-operating Expenses," as reflected in the statutory financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

On March 22, 2006 the company's Board of Directors decided to propose to the regular General Assembly a dividend distribution of Euro 8.203.078,00 (Euro 0,27 per share). It is noted that dividends are accounted for in the financial statements after the approval of the shareholders General Assembly.

11. EARNINGS PER SHARE

Earnings per share have been calculated based on the weighted average number of the total common shares.

12. CONTINGENCIES

Guarantees: At March 31, 2006 the Company has issued letters of guarantee for mining rights and licenses, for a total amount of Euro 3,8 million (at December 31, 2005 Euro 4,8 million), as well as for repayment of bank overdrafts of various subsidiaries for a total amount of approximately Euro 27,3 million (at December 31, 2005 Euro 27,3 million).