



## **REPORT**

**of the Board of Directors of S&B Industrial Minerals S.A.  
for the Annual General Meeting of Shareholders on June 16<sup>th</sup>, 2009,  
in accordance with article 9 of Law 3016/2002 and articles 4.1.4.1.1 και 4.1.4.1.2 of  
the Athens Exchange Regulation, regarding a “Share Capital Increase paid in Cash”**

### **INTRODUCTION**

The Board of Directors of S&B Industrial Minerals S.A. (“S&B”, “the Company”) convened today, May 21<sup>st</sup> 2009 decided to propose to the Annual General Meeting of Shareholders (AGM) on June 16, 2009, a Share Capital Increase for an amount of up to €40,000,000, to be paid in cash, with a rights issue in favour of existing shareholders.

Furthermore, the Board of Directors of the Company also decided to propose that the Board of Directors of the Company be granted by the aforementioned AGM the authorisation to determine the issue price of the new shares to be issued within a period of time to be defined by the said AGM, according to article 13 par. 6 of Codified Law (C.L.) 2190/1920.

In the context of article 9 of Law 3016/2002 and articles 4.1.4.1.1 και 4.1.4.1.2 of the Athens Exchange Regulation, this report will be submitted to the aforementioned General Meeting and will be submitted to the Athens Exchange (ATHEX) together with the invitation for the aforementioned Annual General Meeting. In accordance with articles 4.1.4.1.1 and 4.1.4.1.2. of the ATHEX Regulation, this Report will also be published on the Company’s website.

### **REVIEW OF THE USE OF FUNDS RAISED IN THE PREVIOUS SHARE CAPITAL INCREASE**

According to decision no. 58/28.12.2000 of the ATHEX, a net amount of €32.5 million (gross amount €32.8 million minus expenses of €0.3 million) was raised through a public subscription which took place from July 26, 1999 until September 3, 1999. The said subscription was related to a SCI paid in cash, which was approved by the General Assemblies of S&B’s Shareholders of April 15, 1999 and June 18, 1999 respectively, as well as by decision no. 20/5.3.99 of the Board of Directors of the ATHEX. The number of new common bearer unregistered shares issued was 2.238.640. S&B’s Board of Directors meeting on September 15, 1999, certified the payment of the SCI, while the new shares issued started trading on the ATHEX on September 28, 1999. The intended use of the raised funds according to the Information Memorandum of 1999, as well as the actual use of the raised funds until December 31, 1999, were as follows (in € million):



Intended use of funds	As described in the Information Memorandum of 1999	As actually used until the end of 1999	Unused funds
1. Issuing expenses	0.323	0.299	-0.024
2. New investments in fixed assets (1998-1999 operational plan)	2.054	2.054	0
3. Bank loans reduction	30.471	30.494	+0.024
TOTAL	32.848	32.848	0

### **USE OF FUNDS TO BE RAISED**

The funds to be raised from the proposed share capital increase will be used to reduce the net debt position of the Company.

### **STATEMENTS OF MAJOR SHAREHOLDERS**

The Company's basic shareholders (as defined by article 4.1.4.1.2 of the ATHEX regulation), namely Mrs. Aikaterini Kyriacopoulos, Mr. Ulysses Kyriacopoulos and Ms Flora-Maria Kyriacopoulos, stated to the Board of Directors their intention to maintain their current shareholding interest in the Company by exercising the pre-emptive rights that they will be entitled to from the imminent share capital increase, (i) until the completion of such increase and the listing on the ATHEX of the resulting new shares thereof, and (ii) for a period of at least six (6) months from the start of trading from such listing.

### **AMOUNT OF SHARE CAPITAL INCREASE - ISSUE PRICE OF NEW SHARES**

The Board of Directors of the Company proposes a share capital increase to be paid in cash for an amount of up to €40 million, with a rights issue in favor of existing shareholders. The Board of Directors of the Company also proposes that shareholders at the AGM provide it with the relevant authorization, according to article 13, par. 6 of C.L. 2190/1920, to define the issue price of the new shares, during a time period that will be decided upon at the AGM. The Board of Directors proposes that the issue price of the new shares may be higher than the market ex-rights price.

THE BOARD OF DIRECTORS  
ATHENS, MAY 21, 2009