



S&B Industrial Minerals S.A.

**Annual Financial Report
for the year ended December 31, 2010**

This Annual Financial Report is prepared in accordance with article 4 of L.3556/2007 and was approved by the Board of Directors of S&B Industrial Minerals S.A. on March 22, 2011. This Financial Report for the year 1.1.2010-31.12.2010 is published on the website in the following address: www.sandb.com and it will be available to the investors for at least 5 (five) years commencing from the date of issue.

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S&B Industrial Minerals S.A.

FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

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**A. BOARD OF DIRECTORS'
STATEMENT**

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BOARD OF DIRECTORS' STATEMENT
(in accordance with article 4, paragraph 2, of Law 3556/2007)

1. Ulysses P. Kyriacopoulos, The Chairman of the Board of Directors
2. Efthimios O. Vidalis, The Chief Executive Officer
3. Emmanuel J. Voulgaris, Director, specifically appointed by the Board of Directors at its meeting on March 22, 2011.

WE STATE THAT

To the best of our knowledge:

a. the Company's and the Group's Annual Financial Statements for the year ended December 31, 2010, which were prepared according to the prevailing Accounting Standards, present fairly the assets, the liabilities, the equity and the results of S&B Industrial Minerals S.A., as well as of the entities included in the consolidation, and that

b. the Board of the Directors Annual Report presents fairly the development, the performance and the position S&B Industrial Minerals S.A., as well as of the entities included in the consolidation, and it describes the main risks and uncertainties encountered.

**The Chairman of the Board of
Directors**

**The Chief Executive
Officer**

The Director

Ulysses P. Kyriacopoulos

Efthimios O. Vidalis

Emmanuel J. Voulgaris

ID No AH042868

ID No Σ237368

ID No AB656787

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**B. BOARD OF DIRECTORS'
ANNUAL REPORT**

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FISCAL YEAR 2010

Group results summary

Consolidated sales in 2010 for the S&B Industrial Minerals Group (“S&B” or the “Group”), were equal to € 420,1 million, representing an increase of 25,1% (*) compared to € 335,8 million in 2009. Overall strong demand during the year contributed to an increase in volumes which, in turn, had a favorable impact on profitability. As a result, EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) increased sharply by 53,5% to € 59,8 million from € 39,0 million in 2009. Similarly, operating profit of € 27,6 million increased by 92,2% from € 14,4 million in 2009 and net profit attributable to shareholders of € 13,1 million was more than 5 times greater compared to the corresponding € 2,1 million of 2009.

€ 000s	Full Year 2010	Full Year 2009	% Change
Net Sales	420.134	335.835	25,1%
EBITDA	59.817	38.958	53,5%
Operating profit	27.611	14.365	92,2%
Profit before tax	21.758	7.325	197,0%
Net profit ¹	13.133	2.085	529,9%
EPS ²	0,2563	0,0479	435,1%

¹ Net profit attributable to shareholders

² Based on net profit attributable to shareholders and the basic weighted average numbers of shares

Business developments and financial performance

During 2010 our Group’s performance recovered on all fronts, as business activity in virtually all our segments maintained the positive trend that had emerged at the end of 2009. Demand from the metallurgical segments was strong and progressively improved during the course of the year. This was an indicator that the initial significant restocking effect driven from low inventory levels was gradually being replaced by sustained demand. In northern Europe and north America, where we generate the larger part of our revenues and where a significant part of our asset base is installed, industrial production rebounded strongly, supporting in turn, higher demand for our products.

As a result of the timely and decisive actions that S&B took in 2009 to adjust its production base and operating costs to the economic reality, the enhanced demand in 2010 led to higher production volumes and strong financial results.

In Greece, S&B’s domestic market, the economy deteriorated sharply in 2010, directly related to the country’s sovereign debt issues and the introduction of an austerity program aiming to reshape its economy. Importantly, the strength of our geographic and product diversification shielded us to a large extent from these developments, as we generate less than 8% of the Group’s revenue in our domestic market. We did however face challenges of an operational nature in Greece. Delays in the permitting process, in general, for a significant part of our mining activities and a temporary

Note: All percentages have been calculated using the full figures and not the abbreviated ones appearing in this report.

suspension of mining operations in specific key bauxite deposits, adversely influenced production and profitability. We are pleased to report however, that these challenges were resolved in the latter part of the year. The temporary suspension was lifted at the end of the summer period and bauxite operations started to gradually return to normal production levels, a trend which is expected to continue during 2011. Similarly, delays in the permitting processes related to our operations in Milos, were rapidly resolved after the summer period.

In terms of revenue by division, in Bentonite, sales increased by 23,9% reaching € 190,4 million reflecting strong demand in almost all segments and particularly those related to metallurgical applications. The iron ore pelletizing segment, tightly linked to steel production, recovered strongly with a 69% revenue increase as a result of the record global steel production in 2010. Similarly the foundry segment enjoyed strong revenue growth of 38% due to increased demand from the automotive sector both in Europe and US.

The Perlite Division recorded sales of € 66,2 million, representing an increase of 8,3% compared to 2009. The construction markets in southern Europe (including Greece) continued to deteriorate during 2010, while in central Europe conditions were slightly improved compared to the previous year and the construction market in the US stabilized at a low level. In China, construction related performance was solid overall. Similarly, overall performance in horticulture was strong, attributed mainly to the US where our investments in expansion facilities over the past couple of years are contributing positively to our performance.

In the Bauxite Division, despite the early signs of demand recovery in almost all of our key segments, the delays in permit approvals restricted our access to some of our designated deposits and constrained our mining operations to very low activity levels. As a consequence, our ability to effectively adjust our production capacity to the growing market requirements throughout 2010 was severely limited. Nonetheless, revenue reached € 31,7 million, an increase of 4,9% compared to 2009. This increase is attributed mainly to the upward trend in the steel segment in Germany and in US, which showed enhanced demand during the first half of 2010, and the substantial sales growth of our Sardinian bauxite to the construction-related markets.

The Continuous Casting Fluxes (CCF) Division, renowned for the Stollberg brand, benefitted from the highest global steel production ever recorded. With its global production network strategically located close its customers, it was able to outpace the steel production momentum across different geographies and grow ahead of the market. As a result, revenue of € 93,9 million achieved, represents an increase of 44,6% versus 2009 and a historic record for the division.

The Minerals Trading Division (OTAVI minerals) successfully faced up to the recovery in all of its segments. Demand rebounded strongly for the Glass, Ceramics and Refractory segments. Based on supply chain efficiencies achieved in the previous year and solid marketing capabilities in industrial minerals, the division was able to satisfy this demand and to achieve revenue of € 36,8 million, an increase of 43,4% compared to the previous year.

During the year, we continued to spend a great deal of effort on cultivating strong customer relationships. As we did during the challenges of the economic downturn in late 2008 and all throughout 2009, we remained close to our customers, offering the highest standards in service levels and technical support. This enabled us to a great extent to maintain our leading positions in broadly all the market segments we serve and to increase our market share in certain cases. As a result, we benefitted from strengthened demand compared to the previous year and from substantially higher volumes. In addition, product mix was favorable with volumes from higher value segments, such as foundry and continuous casting fluxes, recapturing a large part of their contribution to Group sales volumes, in comparison to 2009. This development in terms of volumes was complemented by improved pricing overall and enabled us to realize Group revenue of € 420,1 million, which represents a solid increase of 25,1% compared to 2009. Moreover, the higher volumes produced and sold during the year enabled increased capacity utilization and resulted in efficiency gains in production costs, across our operations. Coupled with our targeted cost containment actions in 2009 this resulted in increased operating leverage and therefore an expansion of margins. Despite higher oil prices and ocean freight rates by 29% and 30% respectively compared to 2009, gross margin increased by 20 basis points while gross profit amounted to € 93,4 million, representing an increase of 26,5% compared to the previous year. It is important to highlight that this performance includes a significant negative contribution from the

operational challenges we faced in our Bauxite Division. The aforementioned permitting delays and the temporary suspension of operations in key deposits impeded our ability to operate in an optimum and cost effective manner. Consequently, we resorted to importing third party raw material in order to satisfy our contractual obligations, which increased our costs. Furthermore, in this adverse operating environment for the division, we adopted a more conservative costing approach and we realized accelerated depreciation charges. Despite the good progress realized in the latter part of the year related to permitting and the lift of the temporary suspension, these factors heavily penalized the results of the division and the Group.

Selling, General & Administrative (SG&A) expenses increased by 12,5% compared to 2009 to € 70,2 million. However, as a percent of sales they were almost 200 basis points lower compared to the previous year, reflecting at large a balance between our continued discipline on cost control and investing in our business. Administrative expenses include unusual items in the fourth quarter, such as expenses and provisions associated to the retirement of high ranking executives. Notwithstanding, this constrained increase in SG&A expenses, in relation to 25,1% revenue growth, also contributed to operating leverage. During 2010, EBITDA and operating margins expanded significantly by 260 and 230 basis points, respectively. As a result, EBITDA of € 59,8 million and operating profit of € 27,6 million accelerated ahead of revenue growth with increases of 53,5% and 92,2%, respectively, compared to the previous year.

Net interest expenses at € 4,1 million were decreased by 33,6% from € 6,2 million in 2009. This is mainly the result of:

- (a) a significant decrease of the Group's average net debt of approximately € 61 million from € 175 million in 2009 to € 114 million in 2010
- (b) a decrease of the average borrowing rate as the average Euribor 3 month rate during 2010 was lower on average by 40 basis points compared to 2009

Profit before tax almost tripled at € 21,8 million from € 7,3 million in 2009.

The Group's effective tax rate was 40,8% for the year, although this is adversely influenced by:

- (a) an adverse mix effect on taxable profits for the Group, that is significantly influenced from the acceleration of bauxite depreciation charges which resulted in losses for the parent company,
- (b) the extraordinary tax imposed on corporations by the Greek government and,
- (c) additional tax charges related to the conclusion of the ordinary tax audit of fiscal years 2008 and 2009.

Net profit for the Group amounted to € 12,9 million compared to € 1,9 million in 2009, representing more than a six-fold increase.

We supported our strong financial performance by disciplined management of our assets. In this context, we continued to focus on funding our revenue growth with optimal working capital requirements. In line with the recovering business activity, working capital was prudently increased by € 6,3 million or 9,0% compared to 2009 while as a percent of sales it has improved to 18,0% versus 20,7% in 2009. During the year we realized capital investments of € 24,3 million compared to € 30,3 million in 2009, related mainly to maintenance but also to capacity extensions and environmental, health and safety improvements. Pre-tax operating free cash flow (net of capital expenditures) was € 26,2 million and, inclusive of debt repayments, net cash generated during the year was € 9,0 million. As a result, our net debt position has been reduced by an equal amount from € 121,9 million at the end of 2009 to € 112,9 million at the end of 2010 and our net debt to EBITDA ratio stands at 1,9 compared to 3,1 at the end of 2009. In addition, we extended the maturity of a € 30 million bond loan from March 2011 to June 2013. Our capital structure has been significantly strengthened and further improved during 2010 with net debt to equity standing at 0,46 from 0,53 one year ago.

On the basis of our strong operating performance during 2010, our confidence in the future prospects for our business and with the intent to efficiently reward our shareholders, our Board has decided to propose to shareholders a capital return of € 0,25 per share. Our Board's proposal is consistent with our Group's practice of delivering returns aligned with underlying earnings

progression over time. More details on this proposed transaction will be made available at a later time and the proposal will be subject to shareholders' approval at the Annual General Meeting on June 1st 2011.

Significant Events

CEO succession

On November 8, 2010 S&B's Board of Directors selected Mr. Kriton Anavlavis, currently the Group's Chief Financial Officer, to succeed Mr. Efthimios Vidalis at the planned conclusion of his term, as Chief Executive Officer (CEO). After the conclusion of all legal and statutory procedures Mr. Anavlavis will assume the duties of CEO for an initial period of five years. Our Board's decision reflects our organization's commitment to leadership development, fostering internal talent opportunities for growth, advancement and continuous learning to manage change and succession planning. The decision also demonstrates the trust and respect of our Board for high-level knowledge of our business, loyalty, and assurance of timely and smooth leadership transitions.

Acquisitions & investments

Establishment of a joint venture for Perlite in Turkey

On October 6, 2010, S&B established Pergem Mineral Mining Industry and Trade S.A., a new joint venture based in Turkey, with Messrs. Bulent Iper and Orca Kirker, significant Perlite producers in Turkey. The total investment amounts to € 2,7 million and S&B will participate in the new joint venture with an investment of € 1,35 million and share of 50%. Pergem Mineral Mining Industry and Trade S.A. will be based in Izmir and will focus on the development and exploitation of perlite reserves in the area of Bergama. The investment includes the construction of a processing plant for the production of graded perlite for use mainly in construction and building material applications targeting CIS and Asian markets.

Investment in Adventus

On June 24, 2010, the Group signed an agreement with Adventus Intellectual Property Inc. (Canada based parent company of Adventus Americas Inc. and EnviroMetal Technologies Inc.) to establish Adventus Europe GmbH, based in Germany. The total investment amounts to € 0,3 million and S&B Industrial Minerals GmbH (a Germany based affiliate of the S&B Group of companies) will participate in the new associate with a share of 42%. The purpose of the newly formed company is to support environmental engineering projects with biotechnology products in a growing market for clean-up of contaminated soil, sediment and groundwater sites. The Adventus portfolio of field-proven, sustainable technologies, provide the industry with significant advantages in terms of quality, pollutant-removal efficiency and operational excellence. Adventus Europe GmbH is expected to serve all EU member states as well as Switzerland, Norway, the Russian Federation and other countries in Eastern Europe

Investment in Angang Steel

On January 26, 2010 the Group signed an agreement for the establishment of a 30 year joint venture with the Angang Industry Group Co. Ltd., in the northern part of China (Liaoning Province). The agreement has been signed between Stollberg & Samil Co. Ltd, an existing jointly controlled entity of S&B in Korea and the Angang Industry Group Co. Ltd. an affiliate of Angang Steel Co. Ltd. (Angang). The total investment is estimated at USD 6 million. S&B's proportionate participation at Group level is USD 1,5 million out of which USD 1,05 million was paid as of December 31, 2010. The purpose of the newly formed company is to create an in-house supply of metallurgical fluxes for the steel production division of Angang, offering the advantages provided by S&B's world class production standards, quality control expertise and application know-how in continuous casting fluxes under the Stollberg brand. Within this scope, a new plant was established in proximity of Angang's steel plant in the area. Operations from the new plant commenced in December 2010.

Share Capital Increase and distribution of bonus shares

A share capital increase by € 10.356.440 through the capitalization of tax-free reserves and the issue of 1 bonus share for every 4 existing shares was approved at the Annual General Meeting of Shareholders on June 17, 2010. Following the required regulatory approvals, on August 9, 2010, S&B Industrial Minerals S.A. (the "Company") issued 10.356.440 new common shares of a nominal value of € 1,00 bringing the total number of shares outstanding to 51.782.200. The Company's share capital amounts to € 51.782.200 million divided into 51.782.200 shares of nominal value of € 1,00 each.

Business Risks

The S&B Group systematically monitors, assesses and adopts specific measures, in order to address risks that may arise. Such risks are: Transportation risks, Energy Price risks, Raw Material Price risks, EHSQ (Environmental, Health, Safety and Quality) risks, Legal and Licensing risks, Financial risks and Insurable risks.

- **Transportation Risks**

Given the geographic distribution of its mineral reserves, industrial facilities and markets, as well as the nature of its products, the Group makes extensive use of sea-going vessels for its transportation needs. Principal exposure is evaluated to stem from the shipments of bentonite and perlite from the east Mediterranean to the North American east coast, Northern Europe and to a lesser extent to the west Mediterranean. Part of this exposure is mitigated by medium-term contracts with ship-owners and ship operators. Management is continuously monitoring this risk and exploring alternative contractual and hedging strategies for managing the exposure. Other means of transportation (trucks, river barges and rail) are also extensively used, where the main risks that arise, come in the form of fuel price fluctuations (see energy price risks below).

Management does not anticipate that the above mentioned transportation risks will substantially affect the Group's financial position in 2011.

- **Energy Price Risks**

S&B is exposed to the risk of fluctuating prices for the various fuel and energy sources (mainly oil, natural gas and electricity) which form a significant part of its production and transportation activities. The Group's geographical locations and energy supply sources remain diversified, but a general and sharp increase in energy prices may have a significant impact on its operating profitability. Additionally, as energy supplies are sourced regionally, some local markets may temporarily be subject to significant but non-recurring price variations. Under these circumstances, management concentrates its efforts on reducing the effect on margins by focusing on energy savings and productivity improvements, while adjusting, where possible, its commercial policies. On a global level, the developments in energy markets have caused significant volatility in recent years, while a significant upward trend in oil prices has occurred since the start of 2011. Management is continuously monitoring the exposure in the context of evaluating alternative sourcing and hedging strategies.

Management does not anticipate that the above mentioned energy price risks will substantially affect the Group's financial position in 2011.

- **Raw Materials Price Risks**

S&B generally possesses and maintains its own mineral reserves in its most crucial business segments (bentonite, perlite, bauxite and wollastonite). However, a smaller part of its activities is based on trading and processing of specialty minerals that are purchased from third-party suppliers. Although effort is devoted to secure the needed supply of such minerals through medium-term contracts, this has not always been possible and may not be, in the future.

The Group also purchases a number of raw materials (soda ash, coal, resins) that are used as additives in the production of the final products and other materials (explosives, parts, packaging materials) that are used during the various production phases. Significant price volatility has been observed in most of these products, in recent years. The risks associated with these purchased items are managed through long-term relationships and associated

contracts, ensuring that materials will be available in compliance with REACH Regulation.

Management does not anticipate that the above mentioned raw material risks will substantially affect the Group's financial position in 2011.

- **EHSQ**

In every country in which S&B operates, it is subject to regulations concerning air emissions, noise, waste disposal and post-mining site restoration.

Most of the industrial activities that form S&B's core business have an impact, even if only a limited one, on the environment. In the majority of cases, that impact is inherent in mining activities and in facilities associated with the downstream processing of extracted minerals.

S&B strives to minimize the environmental health and safety impact of its operations and proactively manages environmental risks through implementation of appropriate measures. EHS related performance is monitored via a reporting and measurement grid, which includes 54 indicators, as well as, via ad hoc EHS audits of the operations. S&B has rolled out a Corporate EHSQ (Environmental, Health, Safety and Quality) policy, emphasizing its commitment in monitoring and effectively addressing EHSQ aspects that originate from its operations. The policy criteria are applied in a manner sensitive to local cultures, customs and circumstances.

S&B has certified the Quality and Environmental management systems of the majority of its global operations as per ISO 9001 (quality) and ISO 14001 (environmental) standards). In December 2009 and May 2010 respectively, the Health & Safety (H&S) management system of CCF operations in India and the H&S management system of the French subsidiary S&B S.A.R.L., were certified as per the OHSAS 18001 standards and other operations in Germany and Greece are in the process of preparation to obtain such certification.

S&B strives to provide a safe working environment for its employees and sub-contractors in an effort to protect their health, maintain superior business reputation and minimize potential compensation liabilities. In this context, management makes every effort in properly training its employees and sub-contractors in the use of explosives and in the operation of heavy mobile equipment, such as underground mine equipment, trucks, loaders, forklifts and other. A corporate EHS committee was established in 2006, aiming at a gradual harmonization of policies and procedures across the Group.

Management does not anticipate that the above mentioned environmental, health, safety and quality risks will substantially affect the Group's financial position in 2011.

- **Legal and Licensing Risks**

As a global group with a diverse business portfolio, S&B is exposed to various legal risks. In addition, it is exposed to risks associated with required permitting procedures with regards to operation rights, in the normal course of its business. The Corporate Legal department and the Mining Rights department monitor and assess centrally, major such risks.

During most of 2010, the accumulation of pending permits and a temporary suspension of operations (by court order) on a specific bauxite deposit in the Municipality of Lidoriki in Central Greece, imposed a significant financial impact on the Bauxite Division and the Group as well. However, after the summer period good progress was realized in the administration of the permitting procedure in general -not only for bauxite but for our mining operations in Milos as well- and operations on the aforementioned bauxite deposit resumed following the lift of the temporary suspension by the Council of State. These developments are expected to affect positively the Bauxite Division's results for 2011. Management notes however that these expectations depend on the final award to be issued by the Council of State in respect of the above bauxite reserve.

- **Financial Risks**

The Group's business activities and its funding structure generate exposure to foreign exchange, interest rate and liquidity risks. Additionally, there are risks related to ocean freights and the volatility of energy prices since both items represent a material component of the Group's cost structure.

Foreign Currency, Freights and Energy Risks

Depending on market conditions the Group may use derivative instruments with a forward time horizon of one year, to hedge against its exposure to foreign currency rates, oil prices and freight rates.

Freights and energy are hedged by using the Supramax and the IPE Brent Indices respectively, as proxies for the Group's exposure.

Interest Rate risk

The Group hedges part of its interest exposure in order to be protected against adverse interest rate fluctuations. In doing so, management evaluates current market conditions and future leverage, in order to reach a decision. The time horizon for hedging is more than a year.

Liquidity risk

Liquidity risk is managed by having available committed and uncommitted debt and credit facilities and by spreading the maturities of long-term debt in order to avoid concentration of refinancing risk. In addition, the group keeps a sufficient amount of cash in reserves.

Management does not anticipate that the above mentioned financial risks will substantially affect the Group's financial position in 2011.

- **Insurable Risks**

S&B carries insurance policies to be protected against insurable risks.

It operates two Global insurance programs, one for Property Damage and Business Interruption and one for Civil Liability, both of which are centrally managed. In this way, the group benefits, among others, from a uniform approach for risk and insurance.

Other local insurance programs are operated at subsidiary level, however Group Headquarters monitors all such procedures and decision making for material amounts, is centralized.

Prospects for 2011

As we look forward, we draw confidence from our solid performance in 2010 and the value we have re-captured in our business. Our recovery has been supported by the increasingly favourable economic conditions in our countries of operation and the market segments we serve. We anticipate steady and continued progress during 2011, supported by the fact that key drivers for our business, such as steel production and construction activity, have not yet returned to pre-crisis levels in Europe and North America. However, at the same time, we are closely monitoring external cost parameters, such as third party raw materials and fuel prices, which have been rising sharply in the past few months. Our aim will be to sustain our momentum from last year into 2011 and our efforts will remain on cost control and further profit margin expansion. In addition, we expect that the gradual return of bauxite operations to normal levels, will contribute positively to overall performance. As in 2010, we will actively seek targeted investments, through which, we can increase our capacity and our presence in high growth geographies. Our acquisition pipeline is active with several projects, while our financial and cash position remain strong, able and ready, to support our plans for additional shareholder value creation.

Treasury Shares

During 2010, the Company purchased 363.432 treasury shares, at an average price of € 3,71 per share, for an aggregate amount of € 1.349.969,83. It is noted that all purchased shares prior to the share capital increase effected on August 9, 2010 have been adjusted for the bonus element of one (1) new bonus share for every four (4) existing shares. On August 12, 2010, the Company transferred 79.671 treasury shares to selected Company executives, in the context of performance appraisal programs. As a result, on December 31, 2010 the Company held, in aggregate with treasury shares bought back during previous years, a total of 669.713 treasury shares at an average price of € 4,80 per share, for a total amount of € 3.215.855,11.

Significant Related Party Transactions

(Amounts in thousand Euro, unless otherwise stated)

During 2010, business transactions of the Group, as well as those of the Company with related parties have been carried out with regular market terms and conditions. The Group, or any of its related parties, has not been engaged in any material transactions that were not in an arm's length basis. None of these transactions includes any special terms or conditions.

Transactions with Group subsidiaries and associates are carried out in the normal course of the business operations of the Group. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash within the agreed time period. The guarantees provided by S&B to its subsidiaries as of December 31, 2010 and 2009 are analyzed in Note 39 of the financial statements. The Management of the Company has not provided against the receivables due from its subsidiaries or associates as it does not anticipate any doubtfulness of such receivables, except for the case of Askana Ltd. (Georgia) against which a provision for doubtful debts has been established in 2008.

Intra-group balances and transactions among fully consolidated subsidiaries have been fully eliminated from the financial statements of the Group.

Balances and transactions with related parties are the following (Note 22):

Group balances due from and to related parties

Group balances due from related parties amounted to € 1.354 and € 1.810 as of December 31, 2010 and 2009 respectively. The most significant changes are the following:

- Decrease in the amounts due from the associate entity "Laviosa Chimica Mineraria S.p.A." (€ 4 and € 662 for 2010 and 2009, respectively) due to the decreased turnover of industrial minerals sales.
- Increase in the amounts due from the related company "Halliburton Affiliates LLC" (€ 759 and € 313 for 2010 and 2009 respectively) and the associate entity "Laviosa Promasa S.A." (€ 450 and € 366 for 2010 and 2009, respectively) due to increased turnover of industrial minerals sales.

Group balances due to related parties amounted to € 2.017 and € 1.864 as of December 31, 2010 and 2009 respectively. The most significant change arises from industrial minerals purchases from associate entity "Xinyang Athenian Mining Co. Ltd" which are still unsettled amounting to € 925.

Company balances due from and to related parties

Company balances due from related parties amount to € 3.943 and € 10.901 as of December 31, 2010 and 2009 respectively. The most significant changes are the following:

- Decrease in the amounts due from indirect subsidiaries "S&B Industrial Minerals GmbH" (€ 0 and € 4.525 for 2010 and 2009, respectively) and "S&B Industrial Minerals Spain S.L.u." (€ 0 and € 712 for 2010 and 2009, respectively), and from the jointly controlled entity "Cebo International B.V." (€ 0 and € 478 for 2010 and 2009, respectively) due to settlement of receivables from industrial minerals sales.
- Decrease in the amounts due from the associate entity "Laviosa Chimica Mineraria S.p.A." (€ 4 and € 662 for 2010 and 2009, respectively) due to decreased turnover of industrial minerals sales.

Company balances due to related parties amount to € 2.219 and € 1.671 as of December 31, 2010 and 2009 respectively and relate mainly to unsettled invoices for industrial minerals purchases. The most significant changes are the following:

- Increase in the amounts due to direct subsidiary "Greek Helicon Bauxite S.A." (€ 923 and € 705 for 2010 and 2009, respectively) and the indirect subsidiary "S&B Industrial Minerals A.D." (€ 671 and € 442 for 2010 and 2009, respectively).

Group revenue / expenses

Group revenue from related parties amounted to € 9.975 and € 6.393 for the years ended December 31, 2010 and 2009 respectively. The most significant changes are the following:

- Increase in the revenue from associate entity "Laviosa Promasa S.A.". (€ 2.015 and € 1.113 for

2010 and 2009, respectively) as well as from the jointly controlled entity “Cebo International B.V.” (€ 2.333 and € 1.793 for 2010 and 2009, respectively) and related company “Halliburton Affiliates LLC” (€ 5.446 and € 2.178 for 2010 and 2009, respectively) due to the increased turnover of industrial minerals sales.

- Decrease in associate “Laviosa Chimica Mineraria S.p.A.” (€ 65 and € 629 for 2010 and 2009, respectively), due to the decreased turnover of industrial minerals sales.
- Decrease in the revenues from group Motodynamics S.A. (€ 0 and € 319 for 2010 and 2009, respectively), due to the fact that the services rendered mainly for rentals, IT and HR support ceased within 2009.

Group expenses to related parties amounted to € 5.537 and € 4.676 for the years ended December 31, 2010 and 2009 respectively. The most significant changes are the following:

- Increase in the expense to related companies “Perlite Hellas S.A.” (€ 1.523 and € 1.184 for 2010 and 2009, respectively) and “Rescon India Private Ltd.” (€ 1.247 and € 652 for 2010 and 2009, respectively) arising from industrial minerals purchases.

Company revenue / expenses

Company revenue from related parties amounted to € 53.149 and € 46.920 for the years ended December 31, 2010 and 2009 respectively. The most significant changes are the following:

- Increase in the revenue from indirect subsidiaries “S&B Industrial Minerals GmbH” (€ 21.148 and € 19.130 for 2010 and 2009, respectively), “S&B Industrial Minerals North America Inc” (€ 16.307 and € 13.328 for 2010 and 2009, respectively), “S&B Industrial Minerals S.A.R.L.” (€ 4.684 and € 3.592 for 2010 and 2009, respectively), “S&B Endustriyel Mineraller A.S.” (€ 1.053 and € 495 for 2010 and 2009, respectively), and from the jointly controlled entity “Cebo International B.V.” (€ 4.493 and € 3.199 for 2010 and 2009, respectively) and from the associate entity “Laviosa Promasa S.A.” (€ 1.928 and € 1.145 for 2010 and 2009, respectively) due to increased turnover of industrial minerals sales to these entities.
- Decrease in the revenue from direct subsidiary “Isocon S.A.” (€ 2.074 and € 2.948 for 2010 and 2009, respectively), and from the associate entity “Laviosa Chimica Mineraria S.p.A.” (€ 55 and € 859 for 2010 and 2009, respectively) due to decreased turnover of industrial minerals sales.
- Decrease in the revenues from group Motodynamics S.A. (€ 0 and € 319 for 2010 and 2009, respectively), due to the fact that the services rendered mainly for rentals, IT and HR support ceased within 2009.

Company expenses to related parties amounted to € 1.492 and € 2.163 for the years ended December 31, 2010 and 2009 respectively, mainly due to reduced industrial minerals purchases from indirect entity “S&B Industrial Minerals AD” (€ 229 and € 845 for 2010 and 2009, respectively).

Compensation of key management personnel

Compensation of key management personnel for the years ended December 31, 2010 and 2009 were as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Board of Directors fees, net of taxes (Note 37)	422	305	422	305
Executives compensation (including executive board members)	5.224	3.915	4.859	3.324
	5.646	4.220	5.281	3.629

Board of Directors fees are approved by the Shareholders A.G.M. and as a result the related fees for the years ended December 31, 2010 and 2009 were accrued in the accompanying income statements. It is noted that the Shareholders A.G.M. on June 16, 2009 finally approved the amount of € 305 as 2008 Board of Directors fees and not € 460, as proposed by the Board of Directors. The difference of € 155 was reversed in 2009 income statement.

Balances due to key management personnel of the Group and Board members as of December 31,

2010 amounted to € 2.037 (€ 852 as of December 31, 2009). Balances due to key management personnel of the Company and to its Board members as of December 31, 2010 amounted to € 1.937 (€ 755 as of December 31, 2009).

Social security contributions paid by the Company to state contribution plans for key management personnel for the years ended December 31, 2010 and 2009 amounted to € 106 and € 110, respectively (the Group paid € 117 and € 121, respectively). Contributions paid for medical and pension plans by the Company and the Group to insurance entities for key management personnel for the years ended December 31, 2010 and 2009 amounted to € 207 and € 203, respectively.

Statement on Corporate Governance, in accordance with article 43α§3(d) of Codified Law 2190/1920

In compliance with article 43^α§3 of C.L. 2190/1920, as it stands in effect, the Company states the following:

I. The Corporate Governance Principles

1. The Company has put into practice since 2001 the Corporate Governance Principles, which are regularly revised and updated in order to comply with the applicable Greek and E.U. legal framework.
2. The full text of the 4th revision of the Corporate Governance Principles, as it stands in effect, is available as an electronic copy on the website of the Company at www.sandb.com.
3. The Corporate Governant Principles of the Company aim at achieving long-term development for the business, while take into account the equal and unbiased treatment of the interests of all shareholders and social responsibility as well.
4. The Company does not apply other corporate governance practices apart from the Corporate Governance Principles, which constitute the grounds of the Internal Regulation and the Company's Policies as well.

II. The key features of the Internal Control and Risk Management Mechanisms

1. The Company operates in a very demanding and versatile business environment that requires constant and systematic monitoring of all risks related to its business. Therefore, the Company has introduced control mechanisms in order to mitigate related such risks and ensure compliance with required financial and operational procedures across the Group and its subsidiary companies. The overseeing body of the control and risk management mechanisms is the Audit Committee.
2. The Internal Audit Services department consists of one Internal Audit Manager and five internal auditors which are under exclusive and full-time employment with the Company. The Internal Audit department performs its duties according to a written charter approved by the Audit Committee and the C.E.O. Internal audits are carried out following international professional standards and practices, which are codified in the "Manual of Internal Audit Process" and extend to all organizational and operational divisions of the Company and the Group in general. These audits aim to monitor the implementation of and continuous compliance with the Company's Statute, Regulations, Procedures and Directives, as well as with legislation relevant to the Company.
3. The financial statements of the Company and the Group are audited and certified by a prominent audit firm appointed by the General Assembly of the Shareholders.
4. In addition, the Company has adopted and implemented procedures for controlling and managing risk in respect of financial reporting and preparation of financial statements both stand-alone and consolidated. These include:
 - The introduction of uniform reporting standards (Reporting Manual) for financial reporting and management reporting purposes. These standards are implemented by all legal entities of the Group.
 - The Group Management Policies which is a set of documents regulating the Chart of Authorities that reflects the different levels of binding authorizations to officers of the Company for conducting monetary and non-monetary transactions as well as all critical financial internal controls which have been implemented by the majority of the Group's companies.
 - A dedicated department monitoring the financial reporting process using a common

Group Chart of Accounts and common consolidation processes across the Group companies, based on multiple validations and written guidelines which are periodically reviewed and amended as necessary.

- A common and uniform IT platform for financial consolidation and reporting.
- IT safety and security procedures, such as, the backup of all critical electronic information, disaster recovery plans, antivirus protection systems, e-mail security, etc.
- The ongoing review and amendment of Group's accounting and reporting policies to ensure that Group financial information always reflects the prevailing accounting and reporting standards.
- The preparation of a detailed annual budget that is reviewed and approved by the Board.
- Monthly rolling forecasts and management meetings for discussion, review and analysis of actual and forecasted financial performance, as well as accuracy and completeness.
- Closing procedures, including due dates, meetings with the management team of the Company, coordination with the financial services of the other companies of the Group, meetings with external auditors and other specialists (if necessary).

III. Information of Directive 2004/25/EEC

Within the fiscal year 2010, the provisions of Directive 2004/25/EEC pertaining to public offerings did not apply to the Company.

IV. The General Assembly

The convocation, composition, authorities, and function of the General Assembly as well as the rights of the shareholders to be informed in a timely manner of the General Assembly's agenda, to participate and to vote in the General Assembly are regulated and ensured by the relevant provisions of the Articles of Association and the C.L. 2190/1920, as it stands in effect.

V. The Board of Directors

The Board of Directors is responsible for the administration and the management of the Company's affairs. It consists of fifteen members, two of which are executive, four non-executives and nine independent non-executives. The C.V. of each member of the Board is available on the website of the Company at www.sandb.com. The Board is authorized to resolve on any issue related to the Company with the exception of those that, according to the Law or the Articles of Association, belong to the exclusive authority of the General Assembly. The Board monitors the performance and the risks of the Company by:

- Setting general mid and long term goals and approving the annual budgets and their revision, if any;
- Ensuring the adequacy and integrity of the accounting and financial reporting systems of the Company;
- Monitoring the internal control and risk management processes;
- Ensuring the efficient implementation of the Corporate Governance Principles;
- Ensuring the effective implementation of the Company's environmental policy;
- Ensuring the appropriate transparency of the overall activities of the Company as well as the timely, precise and equal access of all shareholders to information;
- Ensuring compliance with the current legislation.

The members of the Board are the following

Aikaterini P. Kyriacopoulos	Honorary Chairman	Non - Executive
Ulysses P. Kyriacopoulos	Chairman	Executive
Emmanuel Voulgaris	Vice-Chairman	Non - Executive
Efthimios O. Vidalis	Chief Executive Officer	Executive
Stelios Argyros	Member	Independent Non-Executive
Robert J. Champion de Crespigny AC	Member	Independent Non-Executive
Iakovos Georganas	Member	Independent Non-Executive
Florica P. Kyriacopoulos	Member	Non - Executive
Raphael Moissis	Member	Independent Non-Executive
Nicholas Nanopoulos	Member	Independent Non-Executive
Kalypso-Maria Nomicos	Member	Independent Non-Executive
Helen Papaconstantinou	Member	Independent Non-Executive
Alexandros Sarrigeorgiou	Member	Independent Non-Executive
Maarten Schönfeld	Member	Independent Non-Executive
Alain Speeckaert	Member	Non - Executive

VI. The Committees

The Board of Directors is supported in its duties by the following Committees: (a) the Audit Committee, (b) the Human Resources Committee, (c) the Nomination Committee, and (d) the Strategic Planning Committee.

Apart from the Audit Committee, the committees of the Board do not constitute supervisory, administrative or statutory bodies of the Company.

More details of the Committees are set forth below:

Audit Committee

The Audit Committee consists of three Board members, one non-executive and two independent non-executives. The General Assembly appoints the members of the Audit Committee as per the provisions of article 37 of L. 3693/2008, as it stands in effect. The Audit Committee meets at least four times per year and operates by a written charter called the "Regulation of the Audit Committee", which is approved and amended by the Board of Directors. The task of the Committee is to support the Board in fulfilling its overseeing responsibilities so as to ensure:

- the adequacy and integrity of the Company's accounting and financial reporting systems and the efficient operation of audit control, risk assessment and management systems;
- the credibility and integrity of the published financial statements;
- the compliance of the Company and the Group with the current legal framework and the effective implementation of the Corporate Governance Principles;
- the financial reporting process;
- the efficiency of internal controls and risk management procedures, as well as the internal auditors' professional adequacy;
- the integrity and independence of external auditors and the audit firm by monitoring the relevant matters;
- the communication and monitoring of the audit process performed by the external auditors in order to solve potential issues related to the course and the results of such audit.

The members of the Audit Committee are:

Emmanuel Voulgaris	Chairman
Iakovos Georganas	Member
Helen Papaconstantinou	Member

Human Resources Committee

The Human Resources Committee consists of five Board members, one executive, one non-executive and three independent non-executives. The members of the Committee are appointed by the Board. The duties of the committee are:

- To supervise the application of the compensation system for the Company' personnel, which is based on the achievement of annual and medium-term objectives subject to the market conditions;
- To evaluate the performance of the C.E.O. and the top-ranking executives reporting to the C.E.O. and propose their compensation to the Board. In addition, the Committee submits proposals to the Board regarding the annual remuneration policy of the Company's and Group's personnel;
- To propose to the Board sufficient schemes for the professional development of executives as well as efficient reward and benefit systems for the personnel;
- To decide on the placement of the available funds of the employees' pension mutual fund and monitor the training of personnel.

The members of the Human Resources Committee are appointed by the Board and are the following:

Stelios Argyros	Chairman
Ulysses P. Kyriacopoulos	Member
Aikaterini P. Kyriacopoulos	Member
Raphael Moissis	Member
Kalyпсо-Maria Nomicos	Member

Nomination Committee

The Nomination Committee consists of five Board members, one executive, one non-executive, and three independent non-executives. Its mission is to assist the Board in ensuring continuity and normal succession for Board membership and for the position of C.E.O., as well as, for the Group's top-level management development and succession. The Committee operates by a written charter, which is approved and revised periodically by the Board of Directors.

The members of the Nomination Committee are appointed by the Board and are the following:

Ulysses P. Kyriacopoulos	Chairman
Aikaterini P. Kyriacopoulos	Member
Stelios Argyros	Member
Raphael Moissis	Member
Alexandros Sarrigeorgiou	Member

Strategic Planning Committee

The Strategic Planning Committee consists of six Board members, two executive, one non-executive and four independent non-executives. The Committee meets at least twice a year. Its duties are summarized to the following:

- Opine on the business activities that the Company should focus on or is advisable to focus on;
- Evaluate the adequacy of the Company's infrastructure, capital structure, and human resources for the unimpeded realization of its business plans;
- Examine the need for and expediency of revising its vision and purpose statements;
- Support the management's proposals to the Board.

The members of the Strategic Planning Committee are appointed by the Board and are the following:

Raphael Moissis	Chairman
Florica P. Kyriacopoulos	Member
Kalypso-Maria Nomicos	Member
Ulysses P. Kyriacopoulos	Member
Efthimios O. Vidalis	Member
Alexandros Sarrigeorgiou	Member

It should be noted that, apart from the Audit Committee and the Strategic Planning Committee, the other committees meet at least once a year and whenever a matter of their responsibility arises.

Specific information, in accordance with article 4§7 of Law 3556/2007

Shareholders Capital Structure

On December 31st, 2010, the Company's share capital amounted to Euro 51.782.200,00 divided into 51.782.200 shares with nominal value of Euro 1,00 each. All Company shares are common registered shares with one voting right each and they are traded on the regulated market of the Athens Stock Exchange.

Limitations in the transfer of company stock

In general, stock trading and transfers are executed as per the legal provisions without any restrictions imposed by the Articles of Association.

Important direct or indirect participations according to the provisions of articles 9 to 11 of Law 3556/2007

The major direct participations in the voting rights of the Company's shares on December 31st, 2010, were held by Mrs Catherine-Kitty P. Kyriacopoulos with 45,72%, Mrs Flora Maria P. Kyriacopoulos with 7,65%, Mr. Ulysses P. Kyriacopoulos with 6,05% and "SCR-Sibelco NV" with 15,98%. There is not any other individual or legal entity holding more than 5% of the Company's total voting rights.

Share owners with special controlling rights

N/A

Limitations in voting rights

N/A

Agreements among shareholders of the company

Based on the knowledge of the Company on December 31, 2010, there were not any Shareholders' agreements that put restrictions in transferring of stocks or exercising of voting rights.

Rules of appointment and replacement for members of Board of Directors

The relevant provisions in the Articles of Association do not differentiate from the provisions of Codified Law 2190/1920, as it stands in effect.

Authority of the Board of Directors or of certain BoD members for the issue of new shares or buy-back of own stock

According to article 4§2 of the Company's Articles of Association, the share capital of the Company can be increased in shares upon decision of the Board of Directors approved by a majority of 2/3 of its members within the first five years following the establishment of the Company or within five years from a relevant resolution of the General Assembly granting such authority to the Board. The capital increase cannot exceed the initial paid-in share capital or the share capital already paid-in at the date on which the General Assembly made the relevant decision. The above authority of the Board of Directors may be renewed by the General Assembly for a time period that cannot exceed five years for every renewal.

As per the provisions of article 16 of Codified Law 2190/1920, as it stands in effect, the Annual General Meeting of Shareholders of June 17th, 2010, approved a 24-month share "buy- back" programme setting the purchase price of each share between € 1,00 and € 12,00. The total number of shares that the Company may purchase under the programme, including the treasury shares

already owned, cannot exceed the 10% of its paid-in share capital. Furthermore, the above resolution of the General Assembly authorized the Board of Directors to proceed to whatever is considered necessary for implementing the said programme.

Significant agreement which the company has signed and which comes into operation, is amended, or expires due to a change in the company's ownership structure following a Public Offer and the results from such an agreement.

N/A

Agreements between the company and members of the Board of Directors or employees that anticipate compensation in case of resignation or discharge without a well-founded cause, or termination of service or employment due to the Public Offer.

There is no change.

Kifissia, March 22, 2011

For the Board of Directors
The Chief Executive Officer

Efthimios O. Vidalis

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**C. INDEPENDENT CERTIFIED
AUDITOR'S ACCOUNTANT'S
REPORT**

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Independent Certified Auditor’s Accountant’s Report

To the Shareholders of
S&B Industrial Minerals S.A.

Introduction

We have audited the accompanying financial statements of S&B Industrial Minerals S.A. (the “Company”), and the consolidated financial statements of the Company and its subsidiaries (the “Group”) which comprise the separate and consolidated statements of financial position as at December 31, 2010, and the related separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects the financial position of the Company and the Group as at December 31, 2010, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

a) We confirm that the information given in the statement on Corporate Governance, which is included in the Board of Directors' Report, is consistent with the requirements of the paragraph 3d, article 43a of Codified Law 2190/1920.

b) We confirm that the information given in the Board of Directors' Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 22, 2011

The Certified Auditor Accountant

VASSILIOS KAMINARIS
S.O.E.L. No 20411

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11th KM NATIONAL ROAD ATHENS-LAMIA
14451 METAMORFOSI
S.O.E.L. R.N. 107

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D1. FINANCIAL STATEMENTS

The accompanying Financial Statements have been approved by the Board of Directors of S&B Industrial Minerals S.A. on March 22, 2011.

**The Chairman of the
Board of Directors**

**The Chief Executive
Officer**

The Chief Financial Officer

The Controller Greece

Ulysses P. Kyriacopoulos

Efthimios O. Vidalis

Kriton St. Anavlavis

Nikolaos Ch. Ioakim

ID No AH042868

ID No Σ237368

ID No Π062025

**A' Class License No
0002714**

S&B Industrial Minerals S.A.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in thousand Euro, except for earnings per share)

	<u>Note</u>	<u>The Group</u>	
		<u>1/1 - 31/12/2010</u>	<u>1/1 -31/12/2009</u>
Sales	5	420.134	335.835
Cost of sales	6	(326.755)	(262.025)
Gross Profit		93.379	73.810
Administrative expenses	7	(46.329)	(39.834)
Selling expenses	8	(23.914)	(22.619)
Other income	9	5.637	6.496
Other expenses	10	(1.162)	(3.488)
Operating profit		27.611	14.365
Finance income	11	407	1.343
Finance costs	12	(7.254)	(9.372)
Gain from the disposal of associates	20	-	708
Share of profit of associates	20	994	281
Profit before tax		21.758	7.325
Income tax expense	13	(8.883)	(5.425)
Net profit		12.875	1.900
Attributable to:			
Equity holders of the company		13.133	2.085
Non-controlling interests	3	(258)	(185)
		12.875	1.900
Earnings per share attributable to equity holders of the Company			
Basic		0,2563	0,0479
Diluted		0,2534	0,0474
Weighted average number of shares			
Basic	27	51.233.839	43.543.176
Diluted	27	51.830.449	43.963.323

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009
(Amounts in thousand Euro)

	The Group		
	<u>Note</u>	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>
Net profit		12.875	1.900
<u>Other comprehensive income</u>			
Translation of foreign operations:			
-Subsidiaries		4.903	405
-Associates		228	(12)
Valuation of available-for-sale financial assets		(150)	(14)
Valuation of derivatives	34	(374)	294
Income tax relating to the valuation of available-for-sale financial assets		35	3
Income tax relating to the valuation of derivatives		81	(73)
Other comprehensive income for the year, net of tax		4.723	603
Total comprehensive income for the year, net of tax		17.598	2.503
Attributable to:			
Equity holders of the company		17.849	2.671
Non-controlling interests		(251)	(168)
		17.598	2.503

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
SEPARATE INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in thousand Euro)

		<u>The Company</u>	
	<u>Note</u>	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>
Sales	5	135.238	113.026
Cost of sales	6	(110.158)	(83.033)
Gross Profit		25.080	29.993
Administrative expenses	7	(28.328)	(21.793)
Selling expenses	8	(3.302)	(2.400)
Other income	9	5.818	6.448
Other expenses	10	(517)	(184)
Operating profit		(1.249)	12.064
Finance income	11	629	1.189
Finance costs	12	(5.063)	(6.625)
Investment income		213	615
Gain from the disposal of associates	20	-	699
(Loss) / profit before tax		(5.470)	7.942
Income tax expense	13	(1.000)	(4.604)
Net (loss) / profit		(6.470)	3.338

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in thousand Euro)

	<u>The Company</u>	
<u>Note</u>	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>
Net (loss) / profit	(6.470)	3.338
<u>Other comprehensive income</u>		
Valuation of available-for-sale financial assets	(150)	(14)
Valuation of derivatives	34 (374)	294
Income tax relating to the valuation of available-for-sale financial assets	35	3
Income tax relating to the valuation of derivatives	81	(73)
Other comprehensive (loss) / income for the year, net of tax	(408)	210
Total comprehensive (loss) / income for the year, net of tax	(6.878)	3.548

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010

(Amounts in thousand Euro)

	-	The Group		The Company	
		Note	December 31 2010	December 31 2009	December 31 2010
ASSETS					
Non-current assets					
Property, plant and equipment	16	190.114	195.345	97.828	101.004
Investment properties	17	20.214	20.368	20.214	20.368
Goodwill	18	83.437	82.712	25.129	25.129
Other intangible assets	19	21.748	21.993	196	225
Investments in subsidiaries	3	-	-	133.570	126.070
Investments in associates	20	10.724	9.159	4.198	4.198
Deferred tax assets	13	4.145	3.442	2.016	738
Available-for-sale financial assets		189	230	189	230
Other non-current assets		2.429	2.674	452	501
		333.000	335.923	283.792	278.463
Current assets					
Inventories	23	77.056	65.093	26.908	23.256
Trade receivables	24	51.743	47.500	7.808	6.764
Due from related parties	22	1.354	1.810	3.943	10.901
Income tax receivables		181	561	-	-
Other current assets	25	17.613	10.396	13.003	6.727
Cash and cash equivalents	26	42.724	49.573	1.208	24.619
		190.671	174.933	52.870	72.267
Total Assets		523.671	510.856	336.662	350.730
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	27	51.782	41.426	51.782	41.426
Share premium		42.329	42.329	42.329	42.329
Treasury shares	27	(3.216)	(2.268)	(3.216)	(2.268)
Share option plan reserve	28	2.237	1.760	2.237	1.760
Derivatives valuation reserve		(463)	(170)	(463)	(170)
Other reserves	29	85.703	102.268	90.298	104.136
Translation of foreign operations		(1.182)	(6.294)	-	-
Retained earnings		65.207	50.881	2.793	10.797
		242.397	229.932	185.760	198.010
Non-controlling interests	3	561	1.095	-	-
Total equity		242.958	231.027	185.760	198.010
Non-current liabilities					
Provision for staff leaving indemnities	31	19.613	17.815	10.445	8.151
Provision for environmental rehabilitation	32	12.346	13.838	10.073	11.427
Other provisions		2.273	2.424	252	234
Interest-bearing loans and borrowings	33	119.858	154.788	74.929	102.373
Deferred tax liabilities	13	14.964	15.300	-	-
Government grants		1.982	1.921	1.623	1.770
Other non-current liabilities		1.605	1.061	89	116
		172.641	207.147	97.411	124.071
Current liabilities					
Trade payables	35	44.015	33.664	12.620	9.942
Due to related parties	22	2.017	1.864	2.219	1.671
Short-term borrowings	36	779	1.626	-	-
Current portion of long-term interest bearing loans and borrowings	33	35.000	15.079	27.500	7.500
Income tax liabilities		4.805	2.551	688	1.798
Dividends payable	30	25	29	25	29
Other current liabilities	37	21.431	17.869	10.439	7.709
		108.072	72.682	53.491	28.649
Total equity and liabilities		523.671	510.856	336.662	350.730

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

(Amounts in thousand Euro)

The Group											
Attributable to Equity holders of the Company											
Note	Share Capital	Share Premium	Treasury Shares	Share option plan reserve	Derivatives valuation reserve	Other reserves	Translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2009	31.011	11.596	(1.647)	1.272	(391)	100.483	(6.670)	56.791	192.445	1.334	193.779
- Profit for the year	-	-	-	-	-	-	-	2.085	2.085	(185)	1.900
- Other comprehensive income/ (loss) for the year	-	-	-	-	221	(11)	376	-	586	17	603
- Total comprehensive income/ (loss) for the year	-	-	-	-	221	(11)	376	2.085	2.671	(168)	2.503
- Dividends distribution	30	-	-	-	-	-	-	(4.962)	(4.962)	-	(4.962)
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(24)	(24)
- Income tax relating to the future distribution of reserves from tax-exempted income	29	-	-	-	-	(1.233)	-	-	(1.233)	-	(1.233)
- Share based payment, options and rights granted	28	-	-	534	-	-	-	-	534	-	534
- Distribution of shares to personnel	27	50	209	-	-	-	-	-	259	-	259
- Share capital increase	27	10.365	30.524	(46)	-	-	-	-	40.843	-	40.843
- Purchase of treasury shares	27	-	(621)	-	-	-	-	-	(621)	-	(621)
- Increase of investment in subsidiaries	-	-	-	-	-	-	-	-	-	(51)	(51)
- Transfers	-	-	-	-	-	3.029	-	(3.033)	(4)	4	-
December 31, 2009	41.426	42.329	(2.268)	1.760	(170)	102.268	(6.294)	50.881	229.932	1.095	231.027
- Profit for the year	-	-	-	-	-	-	-	13.133	13.133	(258)	12.875
- Other comprehensive income / (loss) for the year	-	-	-	-	(293)	(115)	5.112	12	4.716	7	4.723
- Total comprehensive income / (loss) for the year	-	-	-	-	(293)	(115)	5.112	13.145	17.849	(251)	17.598
- Dividends distribution	30	-	-	-	-	(3.314)	-	(1.657)	(4.971)	-	(4.971)
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(83)	(83)
- Income tax relating to the future distribution of reserves from tax-exempted income	29	-	-	-	-	(53)	-	-	(53)	-	(53)
- Share based payment, options and rights granted	28	-	-	700	-	-	-	-	700	-	700
- Distribution of shares to personnel	27	-	402	(223)	-	-	-	123	302	-	302
- Share capital increase	27	10.356	-	-	-	(10.356)	-	-	-	-	-
- Purchase of treasury shares	27	-	(1.350)	-	-	-	-	-	(1.350)	-	(1.350)
- Increase of investment in subsidiaries	3	-	-	-	-	-	-	(12)	(12)	(200)	(212)
- Transfers	-	-	-	-	-	(2.727)	-	2.727	-	-	-
December 31, 2010	51.782	42.329	(3.216)	2.237	(463)	85.703	(1.182)	65.207	242.397	561	242.958

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in thousand Euro)

		The Company							
<u>Note</u>	Share Capital	Share Premium	Treasury Shares	Share option plan reserve	Derivatives valuation reserve	Other reserves	Retained earnings	Total	
January 1, 2009	31.011	11.596	(1.647)	1.272	(391)	102.997	14.804	159.642	
- Profit for the year	-	-	-	-	-	-	3.338	3.338	
- Other comprehensive income for the year	-	-	-	-	221	(11)	-	210	
- Total comprehensive income for the year	-	-	-	-	221	(11)	3.338	3.548	
- Dividends distribution	30	-	-	-	-	-	(4.962)	(4.962)	
- Income tax relating to the future distribution of reserves from tax-exempted income	29	-	-	-	-	(1.233)	-	(1.233)	
- Share based payment, options and rights granted	28	-	-	534	-	-	-	534	
- Distribution of shares to personnel	27	50	209	-	-	-	-	259	
- Share capital increase	27	10.365	30.524	(46)	-	-	-	40.843	
- Purchase of treasury shares	27	-	(621)	-	-	-	-	(621)	
- Transfers	-	-	-	-	-	2.383	(2.383)	-	
December 31, 2009	41.426	42.329	(2.268)	1.760	(170)	104.136	10.797	198.010	
- Loss for the year	-	-	-	-	-	-	(6.470)	(6.470)	
- Other comprehensive loss for the year	-	-	-	-	(293)	(115)	-	(408)	
- Total comprehensive loss for the year	-	-	-	-	(293)	(115)	(6.470)	(6.878)	
- Dividends distribution	30	-	-	-	-	(3.314)	(1.657)	(4.971)	
- Income tax relating to the future distribution of reserves from tax-exempted income	29	-	-	-	-	(53)	-	(53)	
- Share based payment, options and rights granted	28	-	-	700	-	-	-	700	
- Distribution of shares to personnel	27	-	402	(223)	-	-	123	302	
- Share capital increase	27	10.356	-	-	-	(10.356)	-	-	
- Purchase of treasury shares	27	-	(1.350)	-	-	-	-	(1.350)	
- Transfers	-	-	-	-	-	-	-	-	
December 31, 2010	51.782	42.329	(3.216)	2.237	(463)	90.298	2.793	185.760	

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

S&B Industrial Minerals S.A.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in thousand Euro)

	Note	The Group		The Company	
		1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
		2010	2009	2010	2009
Cash flows from operating activities					
Profit / (loss) before tax					
		21.758	7.325	(5.470)	7.942
Adjustments for:					
- Depreciation and amortization		31.396	24.476	18.605	12.378
- Grants amortization		(184)	(164)	(146)	(147)
- Provisions, net		5.020	3.308	3.058	(365)
- Finance income	11	(407)	(1.343)	(629)	(1.189)
- Finance costs	12	7.254	9.372	5.063	6.625
- Investment income (net of foreign taxes)		-	-	(205)	(599)
- Share of profit of associates		(994)	(281)	-	-
- Impairment loss	3	-	3.169	-	-
- Gain from the disposal of associates	20	-	(708)	-	(699)
- Gain from the disposal of property, plant and equipment		(24)	(105)	(4)	(92)
		63.819	45.049	20.272	23.854
(Increase) / Decrease in:					
- Inventories		(10.421)	25.701	(1.957)	2.469
- Trade receivables		(5.476)	4.763	(1.592)	5.065
- Due from related parties		(95)	2.056	6.408	13.434
- Other assets		(6.671)	5.049	(6.309)	2.591
Increase / (Decrease) in:					
- Trade payables		10.351	10.822	2.678	2.914
- Due to related parties		153	767	548	751
- Other liabilities		2.432	(651)	2.278	(388)
Staff leaving indemnities paid	31	(2.916)	(2.753)	(1.284)	(2.070)
Payments for environmental rehabilitation	32	(705)	(1.025)	(635)	(919)
Income tax paid		(6.931)	(2.745)	(3.422)	(2.225)
Net cash flows from operating activities		43.540	87.033	16.985	45.476
Cash flows from investing activities					
- Capital expenditure		(25.374)	(31.198)	(17.773)	(17.984)
- Capitalized depreciation	14	383	550	383	550
- Business combinations and investments in consolidated entities		(1.136)	(1.150)	(7.500)	(200)
- Proceeds from the sale of associate		550	550	550	550
- Dividends received		32	401	154	450
- Interest and other finance income received		407	317	197	95
- Proceeds from the settlement of derivatives	34	80	175	80	175
- Purchase of available-for-sale financial assets		(109)	-	(109)	-
- Government grants received		245	64	-	-
- Proceeds from the disposal of property, plant and equipment		472	404	11	97
Net cash flows used in investing activities		(24.450)	(29.887)	(24.007)	(16.267)
Cash flows used in financing activities:					
- Share capital increase, net of transaction costs		-	40.846	-	40.846
- Purchase of treasury shares		(1.350)	(621)	(1.350)	(621)
- Net (decrease)/ increase of short-term borrowings		(848)	(42.187)	-	(38.014)
- Proceeds from long-term borrowings		-	50.000	-	42.500
- Repayment of long-term borrowings		(15.000)	(53.000)	(7.500)	(38.000)
- Dividends paid to the Equity holders of the Company, net of taxes		(4.477)	(4.511)	(4.477)	(4.511)
- Dividends paid to non-controlling interests		(82)	(24)	-	-
- Payments for the settlement of derivatives	34	-	(1.500)	-	(1.500)
- Interest and other finance costs paid		(4.944)	(8.312)	(3.494)	(6.236)
Net cash flows used in financing activities		(26.701)	(19.309)	(16.821)	(5.536)
- Net foreign exchange difference on cash flows		(86)	(1.510)	432	67
Net (decrease) / increase in cash and cash equivalents		(7.697)	36.327	(23.411)	23.740
Cash and cash equivalents at the beginning of the year					
		49.573	13.434	24.619	879
- Net foreign exchange difference on cash and cash equivalents at the beginning of the year		848	(188)	-	-
Cash and cash equivalents at year end	26	42.724	49.573	1.208	24.619

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

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D2. NOTES TO THE FINANCIAL STATEMENTS

(Amounts in thousand Euro, unless otherwise stated)

1. CORPORATE INFORMATION AND ACTIVITIES

The S&B Industrial Minerals S.A. Group of companies (“the Group” or “S&B”) is a Group of companies mainly engaged, through the Greek company S&B Industrial Minerals S.A. (“the Company”) and its subsidiaries, in the extraction, processing, distribution and supply of industrial minerals, the production, distribution and supply of fluxes, the exploration for renewable sources of energy and the management and development of real estate property.

The activities of industrial minerals are related to bentonite, perlite, and bauxite products, to continuous casting fluxes (stollberg) and trading mineral applications such as wollastonite, spodumene, calcined chamotte etc. Principal activities are described in more detail in Note 40.

The Company was incorporated in Greece in 1934 and, since 1994, its shares are quoted on the Athens Exchange. S&B headquarters are located in Kifissia, Attica, 15 A. Metaxa street, P.C. 145 64, Greece. In 1978, the Shareholders Ordinary General Assembly extended the duration of the Company by 50 years up to 2034.

As at December 31, 2010 and 2009 the Group employed 1.983 and 2.027 employees, respectively, while the Company employed 643 and 652 employees, respectively.

2. GENERAL INFORMATION AND ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

(a) Basis of Preparation of the Financial Statements and Statement of Compliance with IFRS:

The accompanying consolidated and separate financial statements (hereinafter referred to as “the financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as endorsed by the European Union. The financial statements are in accordance with the applicable provisions of Greek Corporate Law 2190/1920. There are no standards applied earlier from their effective date. Moreover, the financial statements have been prepared under the historical cost convention, except for financial instruments and available for sale financial assets which are measured at fair value. All amounts in the financial statements are presented in thousand of Euro (“€”) and are rounded to the nearest thousand, unless otherwise stated.

(b) Approval of Financial Statements: The Board of Directors of S&B approved the financial statements for the year ended December 31, 2010, on March 22, 2011. It is noted that the financial statements are subject to the approval of the Company’s Shareholders’ General Assembly Meeting.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are as follows:

(a) Basis of consolidation:

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the equity shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 has not been restated.

The complete list of the consolidated subsidiaries together with the related effective interests is presented in Note 3.

(b) Functional and Reporting Currency and Foreign Currency Translation: The reporting currency of the Group, the functional and reporting currency of the Company, of the Greek subsidiaries, and of certain foreign subsidiaries is the €. Transactions in foreign currency are converted to € using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are retranslated using the spot exchange rates at the reporting date.

Gains and losses resulting from transactions in foreign currency as well as year-end valuation of monetary assets and liabilities in foreign currency are taken to the income statement, except for transactions that comply with cash flow hedging requirements that are recognized in other comprehensive income.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

The functional currency of the foreign subsidiaries is the official currency of the country in which each subsidiary operates. The assets and liabilities of foreign operations where their local currency is other than the € are translated into € at the exchange rate prevailing at the reporting date. Revenues and expenses are retranslated at the weighted average exchange rates prevailing during the reporting year. The accumulated difference resulting from such translation is recognized in other comprehensive income until the disposal, write off or derecognition of a subsidiary, at which time it is recognized in the income statement.

(c) Other Intangible Assets: Other intangible assets include mining licenses - concessions - rights, software, trade names, trademarks and customer lists. Mining licenses - concessions - rights include their acquisition cost and any subsequent expenditure incurred relating to the extension of their duration, less any accumulated amortization and impairment losses. Software includes their acquisition cost and any expenditure realized in order for them to operate, reduced by the amount of accumulated amortization and any impairment losses. Significant subsequent expenditure is capitalized when the software's performance is further enhanced beyond its initial specifications. Customer lists, trade names and trademarks are identified, valued and recognized under the purchase price allocation process of business combinations.

Mining licenses - concessions - rights are amortized based on the straight line method within their period of expiry (mainly 10 to 16 years). Software is amortized based on the straight line method over their estimated useful life which is set to four (4) years. Customer lists and trade names are amortized based on the straight line method over a period of 5 to 20 years. Trademarks are not amortized as they are considered to have an indefinite useful life. However, trademarks are tested for impairment on an annual basis or when certain events and changes in circumstances may indicate that the carrying value may be impaired, following the provisions of IAS 36 "Impairment of assets". Amortization of intangible assets is included in the income statement.

(d) Ores -Mines: Ores - Mines include the following:

(i) Mining Land: It refers to acquisition cost of land acquired for the purpose of carrying out mining activities. Amortization of mining land is calculated on a straight-line basis over the shorter between a period of twenty years and the useful life of a mine (estimated period for the commercial exploitation of the mine). Amortization of mining land is included in the cost of extraction.

(ii) Mine Development Expenditure: It refers to the expenditure incurred throughout the life of mines for their operation, mainly related to the stripping, tunneling and waste removal activities. Amortization of mine development expenditure is calculated based on the stripping ratio method. Amortization of capitalized mine development expenditure is included in the cost of extraction.

(iii) Environment Rehabilitation Expenditure: The acquisition cost for environment rehabilitation is increased with the present value of the future realized expenditure required to rehabilitate the mining land disturbed as a result of the mining activity performed up to the reporting date, both as stipulated in the prevailing environmental legislation and voluntarily undertaken by the Group. The relevant amount increases the cost of mines, and, simultaneously, an equivalent provision for environment rehabilitation is established. Capitalization and amortization of environment rehabilitation expenditure is accounted for at the level of individual mines and is calculated based on the land disturbance of the broader area of interest. Amortization of the capitalized environment rehabilitation expenditure begins at the time that a mine has entered its stage of commercial production and is calculated based on the unit of production method. Amortization of capitalized environment rehabilitation expenditure is included in the cost of extraction.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(iv) Mineral Resources Exploration and Evaluation Expenditure: Mineral resources exploration and evaluation expenditure comprises costs related to topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching and sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources as well as compiling pre-feasibility and feasibility studies. Exploration and evaluation assets are capitalized to the extent that future economic benefits are expected to flow to the entity and are measured at cost less accumulated amortization and accumulated impairment losses, if any; they are classified as tangible assets under mines category. Amortization of capitalized exploration and evaluation assets commences from the time that a reserve has entered its stage of commercial production and is calculated based on the unit of production method. The Group assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amounts. To this extent, any excess is charged to the income statement of the period the impairment occurred.

The Group's Management believes that the level of the proven and licensed commercially exploitable reserves is adequate for sustaining its current level of operations for a significant period of time.

(e) Other property, plant and equipment: Other property, plant and equipment (land, buildings, machinery and technical equipment, transportation means and furniture - fixtures) are stated at historic cost, less accumulated depreciation, if applicable, and any accumulated impairment losses. Repairs and maintenance are charged to expenses as incurred. Major subsequent improvements are capitalized to the cost of the asset to which they relate when they appreciably extend the life, increase the earning capacity or decrease their operating costs. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (due to disposal, abandonment or destruction), is included in the income statement of the year the item is derecognized. Depreciation is calculated on a straight-line basis over the average estimated useful economic life of the assets and is included in the income statement or in the value of ending inventories as it is included in the cost of extraction or it is capitalized during the self-construction of the other property, plant and equipment. The useful lives of other property, plant and equipment are as follows:

<u>Class</u>	<u>Years</u>
Buildings	10 - 55
Building improvements	3 - 40
Heavy machinery	10 - 40
Other machinery and equipment	5 - 20
Heavy transportation equipment	15 - 33
Other transportation means	2 - 15
Furniture and fixtures	3 - 20

(f) Investment properties: Investment properties are measured at historic cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are charged to the income statement as incurred. Subsequent expenditure is capitalized when it extends the life, increases the earning capacity or decreases the operating costs. An item of investment property is derecognized upon disposal. Any gain or loss arising on de-recognition of the asset, is included in the income statement of the year the item is derecognized. Depreciation is calculated on a straight-line basis over the average estimated useful economic life of the properties (30 to 50 years) and is included in the income statement.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Business Combinations and Goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

- Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.
- Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.
- When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.
- Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Goodwill (separate financial statements): Goodwill in the separate financial statements resulted through the Company's election not to apply IFRS 3 "Business combinations" (upon transition to IFRS at January 1, 2004) retrospectively, for business combinations which occurred prior to the transition date to IFRS. As a result, with respect to such business combinations, the Company, in accordance with the provisions of IFRS 1 "First time adoption of IFRS", maintained the carrying value of goodwill recognized under prior GAAP. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(i) Investments in associates: These are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture. The Group's investments in its associates are accounted for under the equity method of accounting. Under this method, the investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less possible provisions for any impairment in value. Goodwill relating to the associates is included in the carrying amount of the net investment and is neither amortized nor individually tested for impairment.

The income statement reflects separately the Group's share of the results of operations of the associates. Where there has been a change recognized directly to equity of the associates, the Group recognizes its share of any changes in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Company's investments in associates in the separate financial statements are measured at cost less any accumulated impairment losses.

The complete list of the associates together with the related effective interests is presented in Note 20.

(j) Interests in joint ventures (jointly controlled entities): The Group has interests in joint ventures which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The Group recognizes its interest in the joint ventures using the proportionate consolidation method. The Group combines its share of each of the assets, liabilities, income, expenses and cash flows of the joint ventures with the similar items, line by line, in its financial statements.

The financial statements of the joint ventures are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made, where necessary, to bring the accounting policies in line with those of the Group.

When the Group sells assets to the joint ventures, any portion of gain or loss from the transaction is recognized based on the substance of the transaction. When the Group purchases assets from the joint ventures, it does not recognize its share of the profits of the joint ventures from the transaction until it resells the assets to an independent party.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

However, if the resulted loss of the transaction demonstrates decrease in the net realizable value or impairment loss, then this loss is recognized directly to the income statement. The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

The complete list of the jointly controlled entities together with the related effective interests is presented in Note 21.

(k) Impairment of Assets:

(i) Non-financial assets: At each reporting date the Group examines whether there are indications of impairment for the non-financial assets. With the exception of goodwill and the intangibles assets with an indefinite useful life which are tested for impairment at least on an annual basis, the carrying values of other non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the income statement. The recoverable amount is measured as the higher of fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(ii) Financial assets: At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired. The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets measured at amortized cost (non-current assets) and at acquisition cost (investments in subsidiaries and associates in the Company's statement of financial position). The recoverable amount of investments in subsidiaries and associates is determined similarly with that of non-financial assets. The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized in the income statement.

(l) Inventories: Inventories include merchandise, finished and semi-finished products, raw and secondary materials, packaging materials and spare parts. Inventories are valued at the lower of cost and net realizable value. The cost of inventories reflects their purchase price plus any other costs necessary to bring them to their present location and condition and is determined using the annual weighted average method. Net realizable value for finished and semi-finished goods is the estimated selling price in the ordinary course of business, less

estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for impairment of inventories is made when necessary.

(m) Accounts Receivable: Current receivables are presented in their nominal value, net of provisions for potential non collectible balances, while non-current receivables (balances over one year) are measured at amortized cost based on the effective interest rate method. The Group has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. In certain countries, where insurance market exists, the Group covers the receivables from its customers through insurance. In other geographical areas, and where necessary, the Group requires guarantees direct from its customers such as letters of credit and letters of guarantee. At each reporting date, all past due and doubtful receivables are assessed individually for the purpose of determining the adequacy of the provision for impairment of receivables. The balance of such impairment for doubtful accounts is appropriately adjusted

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

at each reporting date in order to reflect any incurred loss. Any amount written-off with respect to customer balances is charged against the existing provision for impairment for doubtful accounts. It is the Group's policy not to write-off any receivable until all possible legal action for collection has been exhausted.

(n) Investments and other financial assets: Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics at the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

Financial assets are recognized initially at cost which represents their fair value (plus, in certain cases, directly attributable acquisition/transaction costs).

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit and loss: It refers to financial assets as held for trading if they are acquired for the purpose of selling in the near future. Gains or losses on investments held for trading are recognized in the income statement.

(ii) Loans and receivables: Loans and receivables which are generated from the Group's operations (and are beyond the Group's normal credit terms) are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(iii) Held-to-maturity investments: Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Investments intended to be held for an undefined period are not included in this classification. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized directly as a separate component of equity. Upon disposal, impairment or derecognition of the investment, the cumulative gain or loss is recognized in the income statement. The fair value of these financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques are based on recent arm's length market transactions by reference to the current market value of another instrument, which has substantially the same characteristics on discounted cash flow analyses and option pricing models.

(o) Derecognition of Financial Assets and Liabilities:

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement;

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a new liability is recognized, while the difference in the respective carrying amounts is recognized in the income statement.

(p) Derivative Financial Instruments and Hedge Accounting: The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and cross currency swaps and other hedging instruments to hedge its risks associated with in freights, oil, interest rate and foreign currency fluctuations. Such derivative financial instruments are measured at fair value at the reporting date. The fair value of such derivatives is determined by reference to market values and it is confirmed with the respective financial institutions.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly possible commitment;
- hedges of a net investment in a foreign operation.

The effective part of hedges (gain/loss) that qualify for hedge accounting is recognized directly to other comprehensive income if it is related to cash flow hedges while the non-effective part is charged to the income statement. If the hedge is related to effective fair value hedges the related gains or losses are recognized to the income statement, where the change in the fair value of the hedged item is recognized, as well.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses that had previously been recognized in other comprehensive income (cash flow hedges) are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in other comprehensive income are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses from fair valuation are recognized directly in the income statement.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

- (g) **Cash and cash equivalents:** Cash and cash equivalents comprise cash at banks and on hand, short-term time deposits and other highly liquid investments with original maturity of three months or less.
- (r) **Share capital:** Share capital represents the nominal value of the Company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in the shareholders equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.
- (s) **Bank and Bond Loans:** Bank and bond loans are initially recognized at cost which reflects their fair value reduced by the direct loan arrangement expenses. After initial recognition, loans are valued at the unamortized cost based on the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.
- (t) **Borrowing costs:** Effective January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for intended use or sale are capitalized as part of the cost the respective qualifying assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- (u) **Provisions and Contingent Assets-Liabilities:** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term (and therefore the effect of time value of money is material), provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks related to the liability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.
- (v) **Provision for Staff Leaving Indemnities:** Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed and are determined using the projected unit credit actuarial valuation method. Net pension costs for the year are included in payroll cost in the income statement and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges. Finance cost of retirement obligations is included in finance costs in the income statement.

Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. In the event of a defined benefit plan is initiated or modified and the relative benefits have already been vested, the corresponding past service cost is recognized immediately in the income statement.

Actuarial gains or losses are recognized based on the corridor approach. Under this approach unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation at the beginning of each year are recognized over the average remaining service period of active employees and included as a component of net pension cost of the year. The retirement benefit obligations are not funded.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(w) Provision for Environment Rehabilitation: The Group recognizes a provision for environment rehabilitation and, more specifically, a provision for future restoration of land disturbed, as of the reporting date, as a result of past mining activity and in line with the prevailing environmental legislation of each country in which it operates or the binding group practices. The provision for environment rehabilitation reflects the present value of the expected restoration costs, using estimated cash flows as of the reporting date. The provision is calculated based on the area of the land disturbed, at the reporting date, and the cost of rehabilitation per metric unit of land at the level of the broader area of interest. The provision is measured at every reporting date and is appropriately adjusted to reflect the present value of the expenses required to fulfill the obligation. Finance cost of rehabilitation provision is included in finance costs in the income statement.

(x) Income Taxes (Current and Deferred):

(i) Current Income Taxes: Current income taxes are computed based on the separate financial statements of each of the entities included in the financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and, additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates at the reporting date.

(ii) Deferred Income Taxes: Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all, or part of the deferred tax assets to be utilized.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

(y) Government Grants: Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to the income statement, against the related depreciation expense, in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized against these expenses over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(z) Operating Leases: Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

(aa) Treasury Shares: Treasury shares reflect shares of the Company which are acquired and held by itself or its subsidiaries. Treasury shares are stated at cost, as a negative item in shareholders' equity. Any result upon sale, disposal or cancellation is taken directly to shareholders' equity.

(ab) Earnings per share: Basic earnings per share are computed by dividing net income attributed to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares outstanding during the year. Diluted earnings per share are computed by dividing net income attributed to the Company's shareholders (after deducting the impact on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (after deducting the impact on the convertible redeemable preference shares).

(ac) Revenue Recognition: Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of merchandise and finished products, net of trade discounts, rebates and sales commissions, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from rendering of services is recognized based on the stage of completion of the service rendered, at the reporting date, and to the extent that the related collection of the receivable is fairly secured. Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms. Revenue from interest is recognized within the period incurred and revenue from dividends is recognized when the Company's right on such dividends is approved by the respective bodies of the companies that declare them.

(ad) Share Based Payments to members of the Board of Directors and Executives: The Company has established stock option plans for certain members of the Board of Directors and executive officers of the Group whose part of their remuneration is settled through share based payments. In addition, certain executives of the Group are entitled to share appreciation rights which can only be settled in cash.

i) Stock Option Plan and Long -Term Incentives Plan: The cost of the respective transactions is measured at the fair value of the stock options as of the grant date of the plans. The fair value is measured through the application of the appropriate valuation models. The cost of the stock option plans is recognized as an expense in the income statement, by crediting a relevant reserve in equity, during the periods the requirements are gradually fulfilled. For options that are not vested, no expense is recognized except for the options whose vesting depends on the fulfilment of specific external market parameters. Options are considered to be vested when all the performance requirements

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

have been fulfilled, independent of the fulfilment of the external market parameters. In case of cancellation of any stock option plans, these are accounted for as if they were vested at the date of cancellation and the non-recognized related expenses to date are immediately recognized in the income statement. In case a cancelled stock option plan is substituted by a new one, it is treated as an amendment of the cancelled plan, according to the provisions of IFRS 2.

(ii) Share Appreciation Rights ("SARs"): The fair value of the SARs is measured at the grant date using an appropriate pricing model. The related expense, for the services received, is recognized in the income statement over the expected vesting period and a respective liability to pay for those services is also recognized. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognized in the income statement.

(ae) Offsetting of Financial Assets and Liabilities: Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends to either settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

(af) Fair Value of Financial Instruments: The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs (Level 1 hierarchy).

For financial instruments not traded in an active market, the fair value is determined using: (i) appropriate valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, (Level 2 hierarchy), (ii) techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (Level 3 hierarchy) and may include recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

(ag) Operating Segment information: The Group presents operating segment information on the basis of industrial mineral applications being Bentonite, Perlite, Bauxite, Continuous Casting Fluxes (C.C.F.) and Minerals trading as well as the Corporate segment.

(ah) Non-Current Assets Held for Sale and Discontinued Operations: The Group classifies a 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.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets / groups and its sale must be highly probable.

For the sale to be highly probable, the following conditions should be met in aggregate:

- the appropriate level of Management must be committed to a plan to sell the asset (or disposal group),
- an active program to locate a buyer and complete the plan must have been initiated,
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value,
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, with some certain exceptions permitted, and
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

Immediately before the initial classification of a non-current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) is measured in accordance with the applicable per case, IFRS.

Noncurrent assets (or disposal groups) classified as held for sale are measured (after the above initial classification) at the lower of their carrying amount and fair value less costs to sell while any possible resulting impairment losses are recognized in the income statement. Any subsequent increase in fair value is recognized in the income statement, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it is not depreciated or amortized.

2.3 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) - eligible hedged items
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
- Improvements to IFRSs (May 2008) All amendments issued are effective as at 31 December 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively.
- Improvements to IFRSs (April 2009)

The impact of the above changes on the financial statements or performance of the Group is described below:

- **IFRIC 17 Distributions of Non-cash Assets to Owners:** The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. IFRIC 17 did not have any impact on the financial position and performance of the Group.
- **IAS 39 Financial Instruments: Recognition and Measurement (Amended) - eligible hedged items:** The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. IAS 39 (Amended) did not have any impact on the financial position and performance of the Group
- **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended):** This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. IFRS 2 (Amended) did not have any impact on the financial position and performance of the Group

(Amounts in thousand Euro, unless otherwise stated)

2.3 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES (continued)

- **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended):** The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The impact of IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) is described in Section 2.2, paragraph g “Business Combinations & Goodwill”.

In April 2009, the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording:

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The management of the Group does not expect that the above amendments will have an impact on its financial position or performance.

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2.4 NEW STANDARDS AND INTERPRETATIONS

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning January 1, 2010:

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:** The interpretation is effective for annual periods beginning on or after July 1, 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group does not expect IFRIC 19 to have an impact on its financial position or performance.
- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended):** The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. Earlier application permitted and must be applied retrospectively. The Group does not expect IFRIC 14 to have an impact on its financial position or performance.
- **IFRS 9 Financial Instruments - Phase 1, financial assets, classification and measurement:** The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position or performance.
- **IAS 32 Classification on Rights Issues (Amended):** The amendment is effective for annual periods beginning on or after February 1, 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have an impact on its financial position or performance.
- **IAS 24 Related Party Disclosures (Revised):** The revision is effective for annual periods beginning on or after January 1, 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic /integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group does not expect that this amendment will have an impact on its financial position or performance.

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning July 1, 2010. Early application is permitted in all cases and this annual improvements project has been endorsed by the EU on February 18, 2011:

- **IFRS 1 First-time adoption,** effective for annual periods beginning on or after January 1, 2011. This improvement clarifies the treatment of accounting policy changes in the year of adoption after publishing an interim financial report in accordance with IAS 34 Interim Financial Reporting, allows first-time adopters to use an event-driven fair value as deemed cost and expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities.

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2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

- **IFRS 3 Business Combinations**, effective for annual periods beginning on or after July 1, 2010. This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets. Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.
- **IFRS 7 Financial Instruments: Disclosures**, effective for annual periods beginning on or after January 1, 2011. This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.
- **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after January 1, 2011. This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- **IAS 27 Consolidated and Separate Financial Statements**, effective for annual periods beginning on or after July 1, 2010. This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when IAS 27 is applied earlier.
- **IAS 34 Interim Financial Reporting**, effective for annual periods beginning on or after January 1, 2011. This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.
- **IFRIC 13 Customer Loyalty Programmes**, effective for annual periods beginning on or after January 1, 2011. This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.
- **IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)**. The amendment is effective for annual periods beginning on or after July 1, 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on its financial position or performance, however additional disclosures may be required.
- **IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)**: The amendment is effective for annual periods beginning on or after January 1, 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a

(Amounts in thousand Euro, unless otherwise stated)

2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on its financial position or performance.

2.5 SIGNIFICANT MANAGEMENT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and contingent liabilities, at the reporting date of financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

(a) *Estimates related to the Mining Activity of the Group:* The Group makes significant estimates related to its mining activity. More specifically:

(i) *Ore reserve and resource estimates:* The Group estimates its ore reserves and mineral resources that can be economically and legally extracted at the reporting date based on generally accepted scientific methods and techniques relating to the geological and other data. The estimation is performed by qualified personnel who use specialized resources, tools and means. The estimation process includes not only the quantity of minerals to be extracted but other factors as well such as the volume of waste removals, etc. Actual volumes may differ from the estimated amounts at the reporting date a fact that may impact the relative accounting values that are recognized on the financial statements such as the capitalization and the amortization of mine development expenditure, of exploration and evaluation assets, etc.

(ii) *Provision for Environmental Rehabilitation:* The Group recognizes a provision for environmental rehabilitation and, more specifically, a provision for future restoration of land disturbed, as of the reporting date, as a result of past mining activity and in line with the prevailing environmental legislation of each country in which it operates or the binding group practices. The provision for environmental rehabilitation is re-estimated on an annual basis and it reflects the present value of the expected restoration costs, using estimated cash flows as of the reporting date and is calculated based on the area of the land disturbed at the reporting date and the cost of rehabilitation per metric unit of land at the level of the broader area of interest. Changes in future estimated cash flows are recognized on the statement of financial position by adjusting the relative assets and liabilities while changes in future cash flows for depleted mines are recognized directly to the income statement. Given the complexity of the calculations and the significant assumptions therein, Management provides at the reporting date its best estimate in relation to the present value of the aforementioned liability.

(b) *Provisions for income taxes:* Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the tax authorities and includes the provision for current income taxes reported in the respective income tax returns and the provision for potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years. Accordingly, the final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements.

(Amounts in thousand Euro, unless otherwise stated)

2.5 SIGNIFICANT MANAGEMENT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

- (c) **Deferred tax assets recoverability:** Deferred tax assets recognition includes estimates as regards their recoverability. More specifically, the recognition of deferred tax assets on carried forward tax losses requires management estimates to the extent that it is probable that taxable profit will be available against which the losses can be utilized in each tax regime in which the Company and the subsidiaries of the Group operate.
- (d) **Goodwill and indefinite intangible assets impairment tests:** The Group determines whether goodwill and indefinite intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate (the Group's weighted average cost of capital) in order to calculate the present value of those cash flows.
- (e) **Provision for staff leaving indemnities:** The cost for the staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management making assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.
- (f) **Contingent liabilities:** The existence of contingent liabilities requires from Management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Group.

(Amounts in thousand Euro, unless otherwise stated)

3. INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The subsidiaries of S&B included in the consolidated financial statements are the following:

Entity	Country	Field of activity	% Participation		Year Established / Acquired
			31/ 12/ 2010	31/ 12/ 2009	
EUROPE					
S&B Industrial Minerals AD	Bulgaria	Industrial Minerals	99,73%	99,73%	2003
Sibimin Overseas Ltd.	Cyprus	Industrial Minerals	99,99%	99,99%	1996
Cape Trahilas Enterprises Ltd. ⁽¹⁾	Cyprus	Real Estate	75,00%	75,00%	2007
Cape Trahilas One Ltd.	Cyprus	Real Estate	75,00%	75,00%	2007
Cape Trahilas Two Ltd.	Cyprus	Real Estate	75,00%	75,00%	2007
Asian Minerals Ltd.	Cyprus	Holding	100,00%	100,00%	2006
S&B Industrial Minerals S.A.R.L.	France	Industrial Minerals	100,00%	100,00%	2001
Denain Anzin Metallurgie S.A.S.	France	Industrial Minerals	100,00%	100,00%	2004
S&B Industrial Minerals GmbH	Germany	Industrial Minerals	100,00%	100,00%	2001
S&B Holding GmbH	Germany	Holding	100,00%	100,00%	1992
SLS Baustoffe GmbH ⁽³⁾	Germany	Industrial Minerals	99,80%	75,00%	2001
Askana Ltd.	Georgia	Industrial Minerals	97,70%	97,70%	1998
Isocon S.A.	Greece	Industrial Minerals	60,00%	60,00%	1996
Greek Helicon Bauxites S.A.	Greece	Industrial Minerals	100,00%	100,00%	1995
Cape Trahilas One S.A.	Greece	Real Estate	75,00%	75,00%	2007
Cape Trahilas Two S.A.	Greece	Real Estate	75,00%	75,00%	2007
Cape Trahilas Three S.A. ⁽²⁾	Greece	Real Estate	75,00%	75,00%	2009
S&B Industrial Minerals Kft	Hungary	Industrial Minerals	100,00%	100,00%	2001
Sarda Perlite S.r.l.	Italy	Industrial Minerals	61,00%	61,00%	2001
S&B Industrial Minerals SP Z.O.O.	Poland	Industrial Minerals	100,00%	100,00%	2006
S&B Industrial Minerals Spain S.L.u.	Spain	Industrial Minerals	100,00%	100,00%	2000
AMERICA					
Stollberg do Brazil Ltda	Brazil	Industrial Minerals	100,00%	100,00%	2004
Milos Island Resort Ltd.	B.V.I.	Real Estate	75,00%	75,00%	2009
S&B Industrial Minerals North America Inc.	U.S.A.	Industrial Minerals	100,00%	100,00%	1999
Stollberg Inc.	U.S.A.	Industrial Minerals	100,00%	100,00%	2004
ASIA					
S&B Industrial Minerals (Henan) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	1996
Guizhou S&B New-Typed Material Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2009
S&B Jilin Wollastonite Co Ltd.	China	Industrial Minerals	100,00%	100,00%	2005
S&B Industrial Minerals (Tianjin) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2006
Panshi Huanyu Wollastonite Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2007
Stollberg India Pvt. Ltd	India	Industrial Minerals	100,00%	100,00%	2004
S&B Endustriyel Mineraller A.Ş.	Turkey	Industrial Minerals	99,72%	99,72%	1996
Pabalk Maden A.Ş.	Turkey	Industrial Minerals	98,73%	98,73%	1995
AFRICA					
Naimex S.A.R.L.	Morocco	Industrial Minerals	100,00%	100,00%	2003
S&B Ind. Min. Morocco S.A.R.L.	Morocco	Industrial Minerals	100,00%	100,00%	2008

Footnotes

- As of June 2010, Dolphin CI S&B Holding was renamed to Cape Trahilas Enterprises Ltd.
- As of February 2010, SPV 26 S.A. was renamed to Cape Trahilas Three S.A.
- Within 2010, the Group increased its interest in SLS Baustoffe GmbH from 75% to 99,8% for a consideration of € 212.

(Amounts in thousand Euro, unless otherwise stated)

3. INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

In the second quarter of 2010, S&B Holding GmbH increased its share capital by € 7.500, an amount which was fully paid by S&B Industrial Minerals S.A. in June 2010.

Within 2009, the Group acquired an additional participation interest of 50% in the real estate development associate company Cape Trahilas Enterprises Ltd., through its subsidiary Sibimin Overseas Ltd., and therefore it currently holds 75% interest. The total consideration, for the aggregate 50% acquired, amounted to approximately € 4,5 million. Furthermore, "Cape Trahilas Enterprises Ltd." acquired the remaining non-controlling interest of 33,33% in Milos Island Resort Ltd. at a consideration of approximately € 2 million (Group's portion approximately € 1,5 million). Finally the Group acquired 75% participation interest in Cape Trahilas Three S.A. for a consideration of approximately € 0,9 million. The Group exercises control over Cape Trahilas Enterprises Ltd., and its subsidiaries, since fourth quarter 2009 and, therefore, since then it started to consolidate them under the full method of consolidation. The whole transaction is considered as an asset deal and, therefore, it is reflected as an addition of land in "Property, Plant and Equipment".

It is noted that the Shareholders Annual General Assembly Meeting ("AGM"), held on June 16, 2009, approved the potential acquisition by the Group, through its subsidiary Sibimin Overseas Ltd., of the 25% participation that ORYMIL S.A. (a related party) currently holds in Cape Trahilas Enterprises Ltd., at any time ORYMIL S.A. deems appropriate. The purchase price will be the nominal price of the shares held by ORYMIL S.A., i.e. € 1,25.

In 2009 and due to the macroeconomic recessionary developments in the international markets, the Group decided that the book value of specific assets in the Chinese subsidiaries "Panshi Huanyu Wollastonite Co. Ltd." and "S&B Jilin Wollastonite Co. Ltd.", which both belong to Minerals Trading segment, are not expected to be recovered and therefore, it recognized an impairment loss in the income statement of 2009 totalling to € 3.169 (bringing down the carrying amount of these assets to zero) which is analyzed as follows:

Impairment of property, plant & equipment (Note 16)	1.300
Impairment of other intangibles (Note 19)	1.588
Impairment of inventory	443
Impairment of other current assets (Note 25)	297
Deferred tax liability reversed (Note 13)	(459)
	3.169

Investments in subsidiaries presented in the Company's separate financial statements are analyzed as follows:

	The Company	
	December 31 2010	December 31 2009
S&B Holding GmbH	127.390	119.890
Greek Helicon Bauxites S.A.	4.232	4.232
Sarda Perlite S.r.l.	972	972
Sibimin Overseas Ltd.	886	886
Isocon S.A.	90	90
Askana Ltd.	0	0
Asian Minerals Ltd.	0	0
	133.570	126.070

(Amounts in thousand Euro, unless otherwise stated)

3. INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

Dividends from subsidiaries recognized in the separate financial statements are as follows:

	The Company	
	December 31 2010	December 31 2009
Sarda Perlite S.r.l.	122	42
	122	42

Non-controlling interests presented in the financial statements, per subsidiary, are analyzed as follows:

	Statement of Financial Position		Income Statement	
	December 31 2010	December 31 2009	1/1-31/12 2010	1/1-31/12 2009
Sarda Perlite S.r.l.	474	526	26	142
Stollberg & Samil Co. Ltd. (concerning non-controlling interests of Qing Dao)	146	121	22	17
S&B Industrial Minerals AD	40	39	4	5
Isocon S.A.	34	271	(237)	(317)
Askana Ltd.	10	9	0	(1)
S&B Endustriyel Mineraller A.Ş.	4	3	0	(1)
SLS Baustoffe GmbH	2	200	1	(5)
Sibimin Overseas Ltd.	2	1	1	0
Cape Trachilas One Ltd.	2	(1)	3	(1)
Cape Trachilas Two Ltd.	2	(1)	3	(1)
Milos Island Resort Ltd.	(1)	0	(1)	0
Pabalk Maden A.Ş.	(2)	(1)	0	(1)
Cape Trachilas One S.A.	(4)	(1)	(3)	(2)
Cape Trachilas Three S.A.	(5)	(1)	(4)	(1)
Cape Trachilas Two S.A.	(37)	(18)	(19)	(18)
Cape Trachilas Enterprises Ltd.	(106)	(52)	(54)	(1)
Total non-controlling interests of Group	561	1.095	(258)	(185)

(Amounts in thousand Euro, unless otherwise stated)

4. BUSINESS COMBINATIONS

4.1 Acquisitions in 2010

In 2010, there were no business combinations for the Group.

4.2 Acquisitions in 2009

4.2.1 Acquisition of operations from "Halliburton Energy Services Inc." and "Bentonite Performance Minerals LLC"

On February 2, 2009, the Group concluded an agreement with the entities Halliburton Energy Services Inc. and Bentonite Performance Minerals LLC for the acquisition of a bentonite activity plant, including inventories, in Waterloo city of Iowa State in the USA, at a consideration of approximately USD 700 thousand. The purchase price of the assets, including inventories was paid in cash.

The fair value of the identifiable assets, liabilities and contingent liabilities, the related purchase price allocation according to the provisions of IFRS 3 "Business Combinations" and the precise determination of goodwill were concluded within 2009 and the residual goodwill of € 19 was then considered final.

4.2.2 Acquisition of "Miller LLC"

On July 2, 2009 the Group concluded an agreement for the acquisition of "Miller LLC" which is engaged in the expansion of perlite in North Carolina State of USA. The total purchase price amounted to approximately USD 1,1 million. The purchase price of the assets, including inventories and receivables, paid as follows: approximately USD 834 thousand has been already paid in cash, USD 700 and USD 134 in 2009 and 2010, respectively, while the remaining USD 266 thousand approximately will be paid in two equal annual installments in 2011 and 2012, respectively.

The fair value of the identifiable assets, liabilities and contingent liabilities of Miller LLC, the purchase price allocation according to the provisions of IFRS 3 "Business Combinations" and the precise determination of goodwill was concluded within the fourth quarter of 2009 and the Group recognized a residual goodwill of € 377 which was then considered final.

(Amounts in thousand Euro, unless otherwise stated)

4. BUSINESS COMBINATIONS (continued)

In summary, the fair values of identifiable assets acquired and liabilities assumed by the Group for the above business combinations, the total consideration (cost) of acquisitions and the residual goodwill recognized are summarized as follows:

	Halliburton Energy Services Inc. & Bentonite Performance Minerals LLC		Miller LLC	
	Final fair value on acquisition	Carrying value on acquisition	Final fair value on acquisition	Carrying value on acquisition
Land	-	-	26	14
Machinery	281	275	295	47
Buildings	5	14	164	-
Transportation & other equipment	15	12	12	-
Inventories	248	248	53	53
Trade receivables	-	-	73	73
Cash and cash equivalents	-	-	9	9
	549	549	632	196
Non-current liabilities	-	-	190	41
Current liabilities	-	-	98	97
	-	-	288	138
Fair value of net assets	549		344	
Total acquisition cost	568		721	
Residual goodwill	19		377	
<u>Analysis of total acquisition cost</u>				
Acquisition cost	549		699	
Direct acquisition costs and other expenses	19		22	
Less: cash and cash equivalents acquired	-		(9)	
Net cash outflow of acquisition	568		712	

The above acquisitions enhance the operations and the production capacity of the Group and they create new development opportunities and synergies to the distribution network in USA.

(Amounts in thousand Euro, unless otherwise stated)

5. SALES

Sales presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Bentonite	190.175	153.526	68.488	50.963
Perlite	66.159	61.137	33.444	30.853
Continuous casting fluxes	93.899	64.951	-	-
Bauxite	31.733	29.890	31.741	30.259
Minerals trading	36.603	25.380	-	-
Other	1.565	951	1.565	951
Total sales	420.134	335.835	135.238	113.026

6. COST OF SALES

Cost of sales presented in the financial statements is analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Consumptions	151.958	121.526	25.975	19.574
Freights	46.947	35.198	23.638	15.914
Payroll cost	42.392	39.534	17.297	16.118
Depreciation & amortization	27.508	20.716	17.585	11.412
Third party fees	17.010	11.422	14.364	9.382
Gas & Electricity	13.775	10.778	2.447	2.132
Rentals & Utilities	7.318	6.278	1.253	1.184
Taxes - duties	1.275	1.212	334	254
Other expenses	18.572	15.361	7.265	7.063
Total cost of sales	326.755	262.025	110.158	83.033

(Amounts in thousand Euro, unless otherwise stated)

7. ADMINISTRATIVE EXPENSES

Administrative expenses presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Payroll cost	26.918	21.490	17.354	12.453
Utilities	6.515	6.905	3.881	4.111
Third party fees	6.087	5.730	3.028	2.489
Depreciation & amortization	1.736	1.722	789	730
Taxes - duties	886	976	629	675
Other expenses	4.187	3.011	2.647	1.335
Total administrative expenses	46.329	39.834	28.328	21.793

8. SELLING EXPENSES

Selling expenses presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Payroll cost	13.376	12.741	2.012	1.718
Utilities	2.964	3.309	64	63
Depreciation & amortization	1.958	1.874	85	88
Provision for bad debts	1.232	1.579	270	47
Third party fees	1.287	868	434	185
Taxes-duties	49	55	2	3
Other expenses	3.048	2.193	435	296
Total selling expenses	23.914	22.619	3.302	2.400

(Amounts in thousand Euro, unless otherwise stated)

9. OTHER INCOME

Other income presented in the financial statements is analyzed as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Income from rentals	1.636	1.307	1.670	1.375
Reversal of environment rehabilitation and other provisions	1.237	789	1.035	920
Income from services rendered	653	1.041	2.376	2.820
Subsidies on expenditure	430	523	428	506
Reversal of provision for impairment of inventory	264	-	200	-
Gains from disposal of property, plant and equipment	219	196	4	92
Income from commissions	25	46	27	22
Income from reversal of legally expired liabilities	-	1.348	-	380
Other income	1.173	1.246	78	333
Total other income	5.637	6.496	5.818	6.448

10. OTHER EXPENSES

Other expenses presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Fines and penalties	545	210	509	152
Impairment loss of PPE and Intangible assets (Note 3)	-	2.429	-	-
Dismantling costs of property, plant & equipment	380	-	-	-
Losses from disposal of property, plant and equipment	59	91	-	-
Provision for impairment of inventory	-	456	-	-
Other expenses	178	302	8	32
Total other expenses	1.162	3.488	517	184

(Amounts in thousand Euro, unless otherwise stated)

11. FINANCE INCOME

Finance income presented in the financial statements is analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Interest income (Note 26)	406	290	197	100
Gains from valuation and settlement of derivatives on freights (Note 34)	-	960	-	960
Foreign exchange gains, net	-	4	432	67
Other	1	89	-	62
Total finance income	407	1.343	629	1.189

12. FINANCE COSTS

Finance costs presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
Interest expense on long term loans and borrowings (Note 33)	2.981	5.089	1.935	3.486
Interest expense on short term borrowings (Note 36)	1.562	1.433	1.418	1.223
Finance cost of environmental rehabilitation provision (Note 32)	1.074	865	960	759
Finance cost of staff leaving indemnities provision (Note 31)	970	1.041	510	544
Bank charges	434	479	184	212
Losses from valuation and settlement of derivatives on oil (Note 34)	-	337	-	337
Foreign exchange losses, net	120	-	-	-
Amortization of loan expenses	113	128	56	64
Total finance costs	7.254	9.372	5.063	6.625

(Amounts in thousand Euro, unless otherwise stated)

13. INCOME TAX (CURRENT AND DEFERRED)

Income tax expense (current and deferred) presented in the financial statements is analyzed as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Current income tax	9.933	5.201	2.162	3.102
Deferred income tax	(1.050)	224	(1.162)	1.502
Total income tax	8.883	5.425	1.000	4.604

The income tax expense has been calculated based on the profit before income tax in conjunction with the nominal tax rate applicable to the Company. The nominal income tax rate applicable to the Company for its Greek operations is 24% for 2010 and 25% for 2009, respectively, while as of 2011, it will reduce gradually by 1% per year until it reaches 20% in 2014. The statutory income tax rate for the Company's foreign operation, through its branch, is 31,4% for the years 2010 and 2009.

Tax returns of Group companies are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the local tax authorities, in which the entities operate, examine the returns and the records of the taxpayer and a final assessment is issued or the statute of limitation has expired.

The Group effective income tax rate differs from the aggregate nominal one due to various factors. The most significant of which are, the extraordinary tax for social responsibility imposed by the Greek government, the taxable profit mix across the Group adversely influenced by the accelerated bauxite depreciation, various non-deductible expenses and non-calculated deferred tax income for certain incurred losses.

(Amounts in thousand Euro, unless otherwise stated)

13. INCOME TAX (CURRENT AND DEFERRED) (continued)

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the Group and the Company for the years ended December 31, 2010 and 2009 is as follows:

	The Group	
	December 31 2010	December 31 2009
Profit before tax for the Group	21.758	7.325
Company's tax rate	24%	25%
Income tax calculated at the nominal applicable tax rate	5.222	1.831
- Impact from profits from subsidiaries taxed at different rates	1.145	(174)
- Additional taxes	1.155	2.278
- Impact from losses of subsidiaries on which no deferred tax was calculated	746	655
- Non tax deductible expenses	615	835
Total Group income tax expense	8.883	5.425
	The Company	
	December 31 2010	December 31 2009
(Loss) / Profit before tax	(5.470)	7.942
Income tax calculated at the nominal applicable tax rate of the Greek operation	(1.313)	1.986
Tax free income		
-Dividends and gains from disposal of listed companies	-	(5)
-Non taxable reserves L.2601/1998	-	(51)
Non tax deductible expenses		
- Additional taxes	1.030	2.253
- Non tax deductible expenses	563	168
- Impact from losses of foreign branch on which no deferred tax was calculated	334	220
- B.O.D. fees and other employee benefits	167	(49)
- Other	219	82
Provision for income tax expense	1.000	4.604

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13. INCOME TAX (CURRENT AND DEFERRED) (continued)

The unaudited tax years of each Group company are as follows:

Entity	Footnote	Country	Unaudited tax years
EUROPE			
S&B Industrial Minerals AD		Bulgaria	2007-2010
S&B Industrial Minerals S.A.R.L.		France	2009-2010
Denain Anzin Metallurgie S.A.S.		France	2006-2010
S&B Industrial Minerals GmbH	█ (2)	Germany	2006-2010
S&B Holding GmbH	█ (2)	Germany	2006-2010
SLS Baustoffe GmbH		Germany	2010
Orykton GmbH		Germany	2010
Askana Ltd.		Georgia	2003-2010
S&B Industrial Minerals S.A.	█ (4)	Greece	2010
Isocon S.A.		Greece	2007-2010
Greek Helicon Bauxites S.A.		Greece	2010
Cape Trahilas One S.A.		Greece	2010
Cape Trahilas Two S.A.		Greece	2010
Cape Trahilas Three S.A.		Greece	2010
S&B Industrial Minerals Spain S.L.u.		Spain	2004-2010
Sarda Perlite S.r.l.		Italy	2004-2010
Sibimin Overseas Ltd.		Cyprus	2006-2010
Asian Minerals Ltd.		Cyprus	2006-2010
Cape Trahilas Enterprises Ltd.		Cyprus	2007-2010
Cape Trahilas One Ltd.		Cyprus	2007-2010
Cape Trahilas Two Ltd.		Cyprus	2007-2010
Cebo International B.V.	█ (3)	Netherlands	2004-2010
Cebo Holland B.V.	█ (3)	Netherlands	2004-2010
Cebo Marine B.V.	█ (3)	Netherlands	2004-2010
Cebo U.K. Ltd.	█ (3)	G. Britain	2004-2010
S&B Industrial Minerals Kft.		Hungary	2004-2010
S&B Industrial Minerals SP Z.O.O.		Poland	2008-2010
AMERICA			
S&B Industrial Minerals North America Inc.	█ (1)	U.S.A.	2006-2010
Stollberg Inc.	█ (1)	U.S.A.	2006-2010
Stollberg do Brazil Ltda		Brazil	2004-2010
Milos Island Resort Ltd.		B.V.I.	2009-2010
ASIA			
S&B Industrial Minerals (Henan) Co. Ltd.		China	2008-2010
S&B Jilin Wollastonite Co Ltd.		China	2005-2010
S&B Industrial Minerals (Tianjin) Co. Ltd.		China	2006-2010
Panshi Huanyu Wollastonite Co. Ltd.		China	2007-2010
Qing Dao Stollberg & Samil Co.Ltd.		China	2009-2010
S&B Endustriyel Mineraller A.Ş.		Turkey	2004-2010
Pabalk Maden A.Ş.		Turkey	2004-2010
Stollberg India Pvt. Ltd.		India	2007-2010
Stollberg & Samil Co. Ltd.		Korea	2004-2010
AFRICA			
Naimex S.A.R.L.		Morocco	2006-2010
S&B Ind. Min. Morocco S.A.R.L.		Morocco	2008-2010

Footnotes:

- (1) These entities are currently under audit from tax authorities for the year 2008.
- (2) These entities are currently under audit from tax authorities for the years 2006-2009.
- (3) The potential tax liabilities that may arise from a future tax audit until fiscal year 2006 for the companies of Cebo Group, based on the Sales & Purchase Agreement, are covered by the seller.
- (4) Within 2010, the tax authorities concluded a tax audit of the Company for the fiscal years 2008 and 2009, as well as the merged company Parnassos for the fiscal years 2007 and 2008. A total amount of € 657 of additional taxes was assessed, out of which € 246 was charged to the current year income statement. Within 2009, the tax authorities concluded the tax audits of the Company for the fiscal years 2006-2007, as well as the merged company Parnassos Insurance S.A. for the fiscal year 2006. A total amount of € 490 of additional taxes was assessed, out of which € 21 was charged to the 2009 income statement.

(Amounts in thousand Euro, unless otherwise stated)

13. INCOME TAX (CURRENT AND DEFERRED) (continued)

Tax losses, to the extent that they are accepted by the local tax authorities, can be utilized to offset taxable profits for a period of time that is dictated by the tax legislation of each country. Regarding the Company and all Greek subsidiaries, this period is five years from the year the losses incurred.

The Group has not recognized deferred tax assets for cumulative tax losses of specific subsidiaries, amounting to € 9,9 million approximately. The main reason for this is the uncertainty of when these companies will start to generate taxable profits and the rolling expiration of the right to carry forward these tax losses.

Deferred income tax net movement for the Group and the Company is analyzed as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Beginning balance, net asset / (liability)	(11.858)	(11.890)	738	2.310
(Debit) / credit of the income statement	1.050	(224)	1.162	(1.502)
Deferred income tax credited in equity	116	(70)	116	(70)
Business combinations / mergers	-	(148)	-	-
Reversal due to impairment losses (Note 3)	-	459	-	-
Currency translation differences	(127)	15	-	-
Ending balance of deferred income tax, net asset / (liability)	(10.819)	(11.858)	2.016	738

The deferred income tax assets and liabilities presented in the statement of financial position of the Group are as follows:

	The Group	
	December 31 2010	December 31 2009
Net deferred income tax asset	4.145	3.442
Net deferred income tax liability	(14.964)	(15.300)
	(10.819)	(11.858)

(Amounts in thousand Euro, unless otherwise stated)

13. INCOME TAX (CURRENT AND DEFERRED) (continued)

Deferred tax assets and liabilities of the Group and the Company relate to the following:

	The Group			
	Statement of financial position		Income statement	
	December 31	December 31	Year	Year
	2010	2009	2010	2009
Deferred tax assets				
Provision for staff leaving indemnities	2.620	2.139	(481)	(41)
Provision for environmental rehabilitation	2.175	2.602	427	229
Personnel bonus	1.039	465	(574)	298
Carry forward losses	979	1.390	411	(1.093)
Impact on remaining inventory				
from intercompany sales	760	934	174	(255)
Provision for bad debts	758	772	14	124
Other	1.576	1.378	(244)	389
Total	9.907	9.680		
Deferred tax liabilities				
Tax deductible goodwill	(5.765)	(5.228)	537	501
Intangible assets fair value adjustment	(5.522)	(5.889)	(367)	(523)
Adjustment of fixed assets' useful lives	(5.401)	(5.939)	(538)	967
Tangible assets fair value adjustment	(3.697)	(3.987)	(290)	(127)
Other	(341)	(495)	(119)	(245)
Total	(20.726)	(21.538)		
Net deferred tax liabilities	(10.819)	(11.858)		
Deferred income tax (credit) / charge to the income statement			(1.050)	224
	The Company			
	Statement of financial position		Income statement	
	December 31	December 31	Year	Year
	2010	2009	2010	2009
Deferred tax assets				
Provision for environment rehabilitation	2.075	2.497	422	237
Provision for staff leaving indemnities	2.130	1.727	(403)	(49)
Personnel bonus	1.039	465	(574)	275
Provision for bad debts	231	262	31	2
Provision for inventories impairment	186	247	61	15
Adjustment of subsidiaries' useful lives	193	239	46	(3)
Other	140	38	(19)	245
Total	5.994	5.475		
Deferred tax liabilities				
Adjustment of fixed assets' useful lives	(3.978)	(4.704)	(726)	773
Other	-	(33)	-	7
Total	(3.978)	(4.737)		
Net deferred tax assets	2.016	738		
Deferred income tax (credit) / charge to the income statement			(1.162)	1.502

(Amounts in thousand Euro, unless otherwise stated)

14. DEPRECIATION / AMORTIZATION

Depreciation/amortization expense for the years ended December 31, 2010 and 2009 is as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Depreciation and amortization of fixed assets:				
- Property, plant and equipment (Note 16)	30.963	22.387	20.183	12.371
- Other intangible assets (Note 19)	2.040	2.116	29	34
- Investment property (Note 17)	272	270	272	270
Total depreciation and amortization of fixed assets	33.275	24.773	20.484	12.675
Depreciation and amortization included in ending inventories and fixed assets	(383)	(550)	(383)	(550)
Depreciation and amortization expensed	32.892	24.223	20.101	12.125

In addition to the above, € (1.496) and € 253 for the years ended December 31, 2010 and 2009, respectively, are included in consumption in the cost of sales, relating to depreciation included in prior years' ending inventories.

15. PAYROLL COST

Payroll cost for the years ended December 31, 2010 and 2009 is as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Wages and salaries	63.838	57.229	27.878	24.237
Social security costs	12.574	12.567	5.542	5.521
Other staff costs	4.338	4.233	1.944	1.851
Staff leaving indemnities	4.694	4.081	3.578	2.509
Share based payments	696	216	697	216
Total payroll cost	86.140	78.326	39.639	34.334
Payroll cost included in ending inventories and fixed assets	(2.466)	(3.520)	(2.466)	(3.501)
Payroll cost expensed	83.674	74.806	37.173	30.833

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16. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment presented in the financial statements of the Group is analyzed as follows:

	<u>Ores - Mines</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Means</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost</u>								
January 1, 2009	89.756	19.922	89.939	157.050	15.861	18.463	10.334	401.325
Additions	14.035	8.827	442	3.331	287	178	5.254	32.354
Business acquisitions	-	26	291	776	30	13	-	1.136
Disposals	(601)	(55)	(89)	(513)	(516)	(133)	(5)	(1.912)
Write offs	(308)	-	-	(2)	(2)	(2)	-	(314)
Exchange Difference	(42)	(17)	1.002	673	4	162	(9)	1.773
Transfers	309	(156)	1.013	2.592	84	29	(3.766)	105
December 31, 2009	103.149	28.547	92.598	163.907	15.748	18.710	11.808	434.467
Additions	13.228	603	799	2.706	486	534	6.446	24.802
Disposals	(1.741)	-	(286)	(1.018)	(152)	(51)	-	(3.248)
Write offs	-	-	(3)	(14)	(9)	-	3	(23)
Exchange Difference	139	146	1.794	2.549	85	176	1	4.890
Transfers to Investment property	-	-	-	-	-	-	(118)	(118)
Transfers	24	-	765	2.901	207	118	(4.015)	-
December 31, 2010	114.799	29.296	95.667	171.031	16.365	19.487	14.125	460.770
<u>Accumulated depreciation</u>								
January 1, 2009	55.180	100	36.790	96.333	10.781	16.162	-	215.346
Depreciation charge for the year	7.226	135	3.788	9.322	988	928	-	22.387
Business acquisitions	-	-	122	200	13	3	-	338
Disposals	(152)	-	(26)	(383)	(387)	(104)	-	(1.052)
Impairment losses (Note 3)	730	-	292	254	4	7	13	1.300
Write offs	-	-	-	(2)	-	(2)	-	(4)
Exchange Difference	(11)	-	386	344	8	82	-	809
Transfers	(59)	-	49	48	(34)	(6)	-	(2)
December 31, 2009	62.914	235	41.401	106.116	11.373	17.070	13	239.122
Depreciation charge for the year	15.845	88	3.881	9.195	895	1.059	-	30.963
Disposals	(941)	-	(160)	(659)	(109)	(38)	-	(1.907)
Write offs	-	-	(1)	(20)	(9)	-	-	(30)
Exchange Difference	49	2	680	1.615	47	127	(13)	2.507
Transfers	-	-	(28)	49	2	(22)	-	1
December 31, 2010	77.867	325	45.773	116.296	12.199	18.196	-	270.656
<u>Net Book Value</u>								
January 1, 2009	34.576	19.822	53.149	60.717	5.080	2.301	10.334	185.979
December 31, 2009	40.235	28.312	51.197	57.791	4.375	1.640	11.795	195.345
December 31, 2010	36.932	28.971	49.894	54.735	4.166	1.291	14.125	190.114

Transfers to Investment properties in 2010 amounted to € 118 (Note 17).

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment presented in the financial statements of the Company is analyzed as follows:

	<u>Ores - Mines</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Means</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost</u>								
January 1, 2009	82.252	7.626	35.280	63.216	11.415	11.823	8.022	219.634
Additions	13.635	13	-	398	2	29	4.082	18.159
Disposals	(420)	-	-	(35)	(169)	(44)	(78)	(746)
Write offs	(308)	-	-	-	-	-	-	(308)
Transfers	308	-	147	1.006	30	2	(1.493)	-
December 31, 2009	95.467	7.639	35.427	64.585	11.278	11.810	10.533	236.739
Additions	12.752	460	6	156	1	210	4.188	17.773
Disposals	(644)	-	-	(105)	-	-	-	(749)
Transfers to Investment property	-	-	-	-	-	-	(118)	(118)
Transfers	-	-	233	1.796	167	-	(2.196)	-
December 31, 2010	107.575	8.099	35.666	66.432	11.446	12.020	12.407	253.645
<u>Accumulated depreciation</u>								
January 1, 2009	53.101	-	16.676	35.665	7.843	10.322	-	123.607
Depreciation charge for the year	6.803	-	1.285	3.394	484	405	-	12.371
Disposals	(1)	-	-	(31)	(169)	(42)	-	(243)
December 31, 2009	59.903	-	17.961	39.028	8.158	10.685	-	135.735
Depreciation charge for the year	14.648	-	1.275	3.279	466	515	-	20.183
Disposals	-	-	-	(101)	-	-	-	(101)
December 31, 2010	74.551	-	19.236	42.206	8.624	11.200	-	155.817
<u>Net Book Value</u>								
January 1, 2009	29.151	7.626	18.604	27.551	3.572	1.501	8.022	96.027
December 31, 2009	35.564	7.639	17.466	25.557	3.120	1.125	10.533	101.004
December 31, 2010	33.024	8.099	16.430	24.226	2.822	820	12.407	97.828

Transfers to Investment properties in 2010 amounted to € 118 (Note 17).

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of assets included in the category Ores-Mines (except Land) of the Group is analyzed as follows:

	Mining Land	Mine Development Expenditure	Environment Rehabilitation Expenditure	Exploration and Evaluation Expenditure	Total
Cost					
January 1, 2009	20.628	59.003	7.125	3.000	89.756
Additions	204	12.397	348	1.086	14.035
Disposals	(182)	-	(419)	-	(601)
Write offs	-	-	-	(308)	(308)
Exchange Difference	-	(42)	-	-	(42)
Transfers	-	-	-	309	309
December 31, 2009	20.650	71.358	7.054	4.087	103.149
Additions	367	10.982	-	1.879	13.228
Disposals	(59)	(1.038)	(644)	-	(1.741)
Exchange Difference	-	138	-	1	139
Transfers	-	24	-	-	24
December 31, 2010	20.958	81.464	6.410	5.967	114.799
Accumulated Depreciation					
January 1, 2009	10.769	39.850	4.269	292	55.180
Depreciation charge for the year	868	5.690	394	274	7.226
Disposals	(152)	-	-	-	(152)
Impairment losses	-	730	-	-	730
Exchange Difference	-	(11)	-	-	(11)
Transfers	(75)	16	-	-	(59)
December 31, 2009	11.410	46.275	4.663	566	62.914
Depreciation charge for the year	1.153	13.251	586	855	15.845
Disposals	(41)	(900)	-	-	(941)
Exchange Difference	-	48	-	1	49
December 31, 2010	12.522	58.674	5.249	1.422	77.867
Net Book Value					
January 1, 2009	9.859	19.153	2.856	2.708	34.576
December 31, 2009	9.240	25.083	2.391	3.521	40.235
December 31, 2010	8.436	22.790	1.161	4.545	36.932

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of assets included in the category Ores-Mines (except Land) of the Company is analyzed as follows:

	<u>Mining Land</u>	<u>Mine Development Expenses</u>	<u>Environment Rehabilitation Expenses</u>	<u>Exploration and Evaluation Expenditure</u>	<u>Total</u>
<u>Cost</u>					
January 1, 2009	16.330	57.002	6.576	2.344	82.252
Additions	-	12.288	348	999	13.635
Disposals	(1)	-	(419)	-	(420)
Write offs	-	-	-	(308)	(308)
Transfers	(1)	-	1	308	308
December 31, 2009	16.328	69.290	6.506	3.343	95.467
Additions	-	10.883	-	1.869	12.752
Disposals	-	-	(644)	-	(644)
December 31, 2010	16.328	80.173	5.862	5.212	107.575
<u>Accumulated depreciation</u>					
January 1, 2009	9.689	39.434	3.821	157	53.101
Depreciation charge for the year	720	5.542	294	247	6.803
Disposals	(1)	-	-	-	(1)
December 31, 2009	10.408	44.976	4.115	404	59.903
Depreciation charge for the year	697	13.097	586	268	14.648
December 31, 2010	11.105	58.073	4.701	672	74.551
<u>Net Book Value</u>					
January 1, 2009	6.641	17.568	2.755	2.187	29.151
December 31, 2009	5.920	24.314	2.391	2.939	35.564
December 31, 2010	5.223	22.100	1.161	4.540	33.024

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment includes the following fully depreciated assets in use:

Cost	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Mines	1.048	1.112	-	-
Land	105	98	-	-
Buildings	9.728	8.710	6.902	5.522
Machinery	43.439	38.016	18.939	17.199
Transportation means	2.284	1.436	4.869	4.561
Furniture and fixtures	4.588	4.135	9.441	9.205
Total	61.192	53.507	40.151	36.487

No liens exist on the Group's and the Company's property, plant and equipment.

17. INVESTMENT PROPERTIES

Investment properties presented in the financial statements of the Group and the Company are analyzed as follows:

	Land	Buildings	Total
Cost			
January 1, 2009	14.699	10.901	25.600
Additions		51	51
Disposals	(20)	-	(20)
December 31, 2009	14.679	10.952	25.631
Transfers	-	118	118
December 31, 2010	14.679	11.070	25.749
Accumulated depreciation			
January 1, 2009	-	4.993	4.993
Depreciation charge for the year	-	270	270
December 31, 2009	-	5.263	5.263
Depreciation charge for the year	-	272	272
December 31, 2010	-	5.535	5.535
Net Book Value			
January 1, 2009	14.699	5.908	20.607
December 31, 2009	14.679	5.689	20.368
December 31, 2010	14.679	5.535	20.214

Investment properties are leased to third parties for the purpose of housing and warehouse storage. Rental fees on investment properties amounted to € 1.636 and € 1.340 for the years ended December 31, 2010 and 2009, respectively. Repairs and maintenance costs incurred for such investment properties amounted to € 112 and € 103 for the years ended December 31, 2010 and 2009, respectively. At December 31, 2009 the Company was engaged in operating lease contracts of its investment property that expire in various dates through to 2021.

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17. INVESTMENT PROPERTIES (continued)

The minimum future rental fees to be received on investment properties, under non-cancelable lease contracts, as of December 31, 2010 and 2009 are the following:

	December 31 2010	December 31 2009
	(in million Euro)	
Within one year	1,6	1,6
2-5 years	6,2	6,3
After 5 years	3,1	3,7
	10,9	11,6

The fair value of investment property for the Group and the Company as of December 31, 2010 and 2009 amounted to approximately € 26,4 million and € 26,0 million, respectively.

18. GOODWILL

Goodwill in the financial statements of the Group is analyzed per cash generating unit as follows:

	Bentonite	Perlite	C.C.F.	Minerals Trading	Total
Balance January 1, 2009	55.879	9.894	16.600	135	82.508
Additions	19	377	-	-	396
Transfers	-	135	-	(135)	-
Exchange Difference	(59)	(3)	(130)	-	(192)
Balance December 31, 2009	55.839	10.403	16.470	-	82.712
Additions	-	269	-	-	269
Exchange Difference	129	36	291	-	456
Balance December 31, 2010	55.968	10.708	16.761	-	83.437

Goodwill of € 25.129 in the Company's financial statements is related to business combinations effected prior to the transition date to IFRS. Goodwill is measured at historic cost minus any impairment losses and resulted from the combination of Mykobar S.A. of € 18.317 and Otavi Minerals Greece S.A of € 6.812, in 2000 and 2001 respectively.

Annual Impairment test of intangible assets with indefinite life: The annual impairment test of intangible assets with indefinite life (goodwill acquired through business combinations and trademarks recognized through these transactions) was performed after having allocated these assets to the following cash-generating units:

- Bentonite Activities
- Perlite Activities
- Continuous Casting Fluxes Activities ("CCF")

The recoverable amount of the three different cash generating units has been determined with the value in use method, using cash flow projections based on the approved by the Management five-year business plans.

The discount rate applied to cash flow projections for all business activities is, on a pre-tax basis, 12% for 2010 and 9,90% for 2009, respectively. For the Bentonite and Perlite activities, cash flows beyond the 5-year period are extrapolated using a 2% growth rate for both 2010 and 2009, whereas for CCF activities the respective growth rate is 1% for both 2010 and 2009.

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18. GOODWILL (continued)

Key assumptions used for the calculation of the value in use of the cash generating units for December 31, 2010 and 2009:

The major assumptions made by the management for the calculation of the cash flow projections used for the impairment testing of fixed assets with indefinite useful life are the following (brief description):

- **Risk-free return:** The risk-free return used in the calculation of cost of capital is the yield on a ten-year German government bond.
- **Budgeted profit margins:** The budgeted margins of operating profit and EBITDA were determined based on the approved by the Management five-year business plans.

Key assumptions used are consistent with independent external source of information.

The impairment tests performed as of December 31, 2010 did not indicate any impairment losses with respect to the above goodwill amounts.

19. OTHER INTANGIBLE ASSETS

Other intangible assets presented in the financial statements of the Group are analyzed as follows:

	Software	Concessions- licenses - rights	Trademarks- Tradenames	Customer lists	Total
Cost					
January 1, 2009	5.756	7.636	8.240	16.907	38.539
Additions	70	826	-	-	896
Disposals	-	(239)	-	-	(239)
Write offs	-	(62)	-	-	(62)
Exchange Difference	26	(13)	(23)	(5)	(15)
Transfers	-	(144)	-	-	(144)
December 31, 2009	5.852	8.004	8.217	16.902	38.975
Additions	106	268	1.235	-	1.609
Write offs	-	(7)	-	-	(7)
Exchange Difference	30	275	51	10	366
Transfers	27	(103)	3	73	-
December 31, 2010	6.015	8.437	9.506	16.985	40.943
Accumulated amortization					
January 1, 2009	5.425	3.366	56	4.593	13.440
Amortization charge for the year	197	574	42	1.303	2.116
Disposals	-	(187)	-	-	(187)
Impairment Losses (Note 3)	-	1.588	-	-	1.588
Exchange Difference	-	21	(2)	-	19
Transfers	16	(10)	-	-	6
December 31, 2009	5.638	5.352	96	5.896	16.982
Amortization charge for the year	121	464	78	1.377	2.040
Write offs	-	9	-	-	9
Exchange Difference	21	133	8	1	163
Transfers	-	1	-	-	1
December 31, 2010	5.780	5.959	182	7.274	19.195
Net Book Value					
January 1, 2009	331	4.270	8.184	12.314	25.099
December 31, 2009	214	2.652	8.121	11.006	21.993
December 31, 2010	235	2.478	9.324	9.711	21.748

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19. OTHER INTANGIBLE ASSETS (continued)

Intangible assets presented in the financial statements of the Company are analyzed as follows:

	<u>Software</u>	<u>Concessions - licenses - rights</u>	<u>Total</u>
<u>Cost</u>			
January 1, 2009	3.123	628	3.751
Additions	-	200	200
December 31, 2009	3.123	828	3.951
Additions	-	-	-
December 31, 2010	3.123	828	3.951
<u>Accumulated depreciation</u>			
January 1, 2009	3.093	599	3.692
Amortization charge for the year	22	12	34
December 31, 2009	3.115	611	3.726
Amortization charge for the year	5	24	29
December 31, 2010	3.120	635	3.755
<u>Net Book Value</u>			
January 1, 2009	30	29	59
December 31, 2009	8	217	225
December 31, 2010	3	193	196

Other intangible assets include the following fully amortized assets in use:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31 2010</u>	<u>December 31 2009</u>	<u>December 31 2010</u>	<u>December 31 2009</u>
<u>Cost</u>				
Software	5.557	5.304	3.110	3.067
Concessions and licenses	2.220	1.836	598	573
Other Intangibles	558	-	-	-
Customer Lists	72	-	-	-
Total	8.407	7.140	3.708	3.640

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20. INVESTMENTS IN ASSOCIATES

Investments in associates presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
Laviosa Chimica Mineraria S.p.a.	7.608	7.072	3.164	3.164
Laviosa Promasa S.A.	888	702	208	208
Protovoulia Milos S.A.	809	811	826	826
Xinyang- Athenian Mining Co	648	574	-	-
Angang Stollberg & Samil Co. Ltd.	689	-	-	-
Adventus Europe GmbH	82	-	-	-
	10.724	9.159	4.198	4.198

The following table provides additional information for the above associates:

Associate	Country	Field of activity	% Participation		Year Established / Acquired
			31/ 12/ 2010	31/ 12/ 2009	
Laviosa Chimica Mineraria S.p.A.	Italy	Industrial Minerals	35,00%	35,00%	1997
Laviosa Sanayi Ve Ticaret Ltd. ⁽¹⁾	Turkey	Industrial Minerals	35,00%	35,00%	2008
Laviosa Trimex Industries Ltd. ⁽¹⁾	India	Industrial Minerals	19,00%	19,00%	2009
Bentec S.p.A. ⁽¹⁾	Italy	Industrial Minerals	35,00%	35,00%	1999
Laviosa MPC SAS ⁽¹⁾	France	Industrial Minerals	28,00%	-	2010
Laviosa Promasa S.A. ⁽²⁾	Spain	Industrial Minerals	29,52%	29,52%	1997
Xinyang- Athenian Mining Co Ltd. (XAMCO)	China	Industrial Minerals	25,00%	25,00%	1996
Angang Stollberg & Samil Co. Ltd. ⁽³⁾	China	Industrial Minerals	25,00%	-	2010
Protovoulia Milos S.A.	Greece	Other activities	43,07%	43,07%	2007
Adventus Europe GmbH	Germany	Other activities	42,00%	-	2010

Footnotes

1. Laviosa Sanayi Ve Ticaret Ltd., Laviosa Trimex Industries Ltd, Bentec S.p.A. and Laviosa MPC SAS are fully consolidated in their parent's, Laviosa Chimica Mineraria S.p.A., financial statements (participation interest 100%, 55%, 100% and 80%, respectively).
2. The Company holds a direct participation interest of 20,10% in the associate Laviosa Promasa S.A. whereas the aggregate interest stated at the above table, derives indirectly due to the fact that the above mentioned company is also consolidated in the financial statements of Laviosa Chimica Mineraria S.p.A.
3. Angang Stollberg & Samil Co. Ltd is consolidated under the equity method in its parent's, Stollberg & Samil Co. Ltd, financial statements (participation interest 50%). For more details see below.

On June 24, 2010, the Group signed an agreement with Adventus Intellectual Property Inc. (Canada based parent company of Adventus Americas Inc. and EnviroMetal Technologies Inc.) to establish Adventus Europe GmbH, based in Germany. The total investment amounts to € 300 and S&B Industrial Minerals GmbH (a Germany based affiliate of the S&B Group of companies) participates in the new associate with an investment of € 150 and share of 42%. The purpose of the newly formed company is to support environmental engineering projects with biotechnology products in a growing market for clean-up of contaminated soil, sediment and groundwater sites. Adventus Europe GmbH is expected to service all EU member states as well as Switzerland, Norway, the Russian Federation and other countries in Eastern Europe.

(Amounts in thousand Euro, unless otherwise stated)

20. INVESTMENTS IN ASSOCIATES (continued)

On January 26, 2010 the Group signed an agreement for the establishment of a 30 year joint venture with the Angang Industry Group Co. Ltd., in the northern part of China (Liaoning Province). The agreement has been signed between Stollberg & Samil Co. Ltd, an existing jointly controlled entity of S&B in Korea, and the Angang Industry Group Co. Ltd., an affiliate of Angang Steel Co. Ltd. (Angang). The total investment amounts to USD 6 million. S&B's proportionate participation at Group level is USD 1,5 million out of which USD 1,05 million (€ 0,8 million) was paid as of December 31, 2010. The purpose of the newly formed joint venture is to create an in-house supply of metallurgical fluxes for the steel production division of Angang. Within this scope, a new plant was established in proximity of Angang's steel plant in the area in December 2010.

On June 1, 2009 the Company concluded an agreement with Laviosa Chimica Mineraria S.p.A. for the sale of its interest of 23% in Bentec S.p.A. for a consideration of € 1.100. On June 26, 2009 the transaction was concluded and, therefore, the Company does not hold any interest to Bentec S.p.A., whereas the Group holds indirectly, through Laviosa Chimica Mineraria S.p.A., an interest of 35%. As a result, the Group disposed effectively 14,95% of its participation to Bentec S.p.A. within 2009. The resulted gain from the above disposal amounted to € 708 on consolidated level (€ 699 on Company level) and was recognized in "Gain / (loss) from disposal of associates and subsidiaries" in the income statement for the year ended December 31, 2009.

Within 2009, the Company paid € 200 to the associate Protovoulia Milos S.A in lieu to future capital increase.

Dividend income from associates, net of taxes, received for the years ended December 31, 2010 and 2009, respectively, are as follows:

	The Group	
	December 31 2010	December 31 2009
Xinyang-Athenian Mining Co	130	65
Laviosa Promasa S.A.	32	171
Laviosa Chimica Mineraria S.p.A.	-	229
	162	465

The above amounts were accounted for as a decrease in the carrying amounts of the investments in associates in the Group statement of financial position.

Dividend income from associates recognized in the Company's income statement for the years ended December 31, 2010 and 2009, respectively, are as follows:

	The Company	
	December 31 2010	December 31 2009
Laviosa Promasa S.A.	45	238
Laviosa Chimica Mineraria S.p.A.	-	316
	45	554

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20. INVESTMENTS IN ASSOCIATES (continued)

The following table provides condensed information of the associates' statements of financial position:

	December 31, 2010		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	50.939	29.107	21.832
Laviosa Promasa S.A.	7.859	3.447	4.412
Angang Stollberg & Samil Co. Ltd.	5.378	2.540	2.838
Xinyang - Athenian Mining Co	2.864	246	2.618
Protovoulia Milos S.A.	849	27	822
Adventus Europe GmbH	296	101	195
	December 31, 2009		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	45.476	25.870	19.606
Laviosa Promasa S.A.	6.737	3.253	3.484
Xinyang - Athenian Mining Co	2.538	214	2.324
Protovoulia Milos S.A.	837	12	825

Sales revenue of the above associates in their financial statements amounted to € 60.467 and € 59.283 for the year ended December 31, 2010 and 2009, respectively. The share of profit from the associates, before taxes, accounted for using the equity method amounted to € 994 (€ 564 net of taxes) and € 281 (€ 210 net of taxes), for the years ended December 31, 2010 and 2009, respectively. It is noted that no guarantees have been provided to the associates.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The jointly controlled entities of S&B included in the consolidated financial statements are the following:

Entity	Country	Field of activity	% Participation		Year Established / Acquired
			31/ 12/ 2010	31/ 12/ 2009	
EUROPE					
Orykton GmbH	Germany	Industrial Minerals	50,00%	50,00%	2005
Cebo International BV	Netherlands	Holding	50,00%	50,00%	2007
Cebo Holland B.V.	Netherlands	Industrial Minerals	50,00%	50,00%	2007
Cebo Marine B.V.	Netherlands	Industrial Minerals	50,00%	50,00%	2007
Cebo U.K. Ltd	G.Britain	Industrial Minerals	50,00%	50,00%	2007
ASIA					
Stollberg & Samil Co. Ltd.	Korea	Industrial Minerals	50,00%	50,00%	2004
Qing Dao Stollberg & Samil Co.Ltd. ⁽¹⁾	China	Industrial Minerals	48,32%	48,32%	2004
Pergem Mineral A.Ş.	Turkey	Industrial Minerals	50,00%	-	2010

Footnotes

1. Qing Dao Stollberg & Samil Co.Ltd. is fully consolidated in its parent company's financial statements, namely Stollberg & Samil Co. Ltd, (96,64% participation interest).

(Amounts in thousand Euro, unless otherwise stated)

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

On October 6, 2010, the Group established Pergem Mineral Mining Industry and Trade S.A., a new joint venture based in Turkey, between S&B Holding GmbH (a Germany based affiliate of the Group) and Messrs. Bulent Iper and Orca Kirker, significant Perlite producers in Turkey. The total investment amounts to € 2,7 million and the Group will participate in the new joint venture with an investment of € 1,35 million and share of 50%. Pergem Mineral Mining Industry and Trade S.A. will be based in Izmir and will focus on the development and exploitation of perlite reserves in the area of Bergama through the construction of a processing plant for the production of graded perlite for use mainly in construction and building material applications.

The Group's share of consolidated assets, liabilities, income and expenses of the jointly controlled entities at December 31, 2010 and 2009 which are included in the financial statements of the Group, are analyzed as follows:

	December 31 2010	December 31 2009
Non-current assets	16.755	16.093
Current assets	17.595	16.971
	34.350	33.064
Non-current liabilities	3.062	3.203
Current liabilities	6.444	6.611
	9.506	9.814
	24.844	23.250
Sales	38.728	35.481
Cost of sales	(29.605)	(27.857)
Administrative expenses	(1.848)	(1.567)
Selling expenses	(3.326)	(2.804)
Other income /(expense), net	90	1
Financial income /(expense), net	(11)	(113)
Share of loss from associates	(120)	-
Profit before taxes	3.908	3.141
Income tax	(898)	(672)
Non-controlling interests	(22)	(17)
Net profit	2.988	2.452

The jointly controlled entities have commitments from operating lease contracts of € 6,1 million approximately (Group share), which are included in the amounts disclosed in Note 39. There are no other commitments or contingent liabilities associated with these entities.

(Amounts in thousand Euro, unless otherwise stated)

22. RELATED PARTY TRANSACTIONS

Transactions with related parties are made at arms'-length and mainly relate to operating and partly to investing activities. Outstanding balances at the year-end are unsecured, interest free and are settled in cash within the timeframe agreed. The guarantees provided by S&B to its subsidiaries as December 31, 2010 and 2009 are analyzed in Note 39. Company's Management has not provided against the receivables due from its subsidiaries or associates as it does not anticipate any doubtfulness of such receivables. Intra-group balances and transactions among fully consolidated subsidiaries have been fully eliminated from the financial statements of the Group.

The following table present balances due from and due to, as well as revenues and expenses, between related parties and the Group:

	The Group			
	Due from		Due to	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
<u>Associates</u>				
Laviosa Promasa S.A.	450	366	-	-
Laviosa Chimica Mineraria S.p.A.	4	662	-	-
Xinyang Athenian Mining Co. Ltd	-	63	925	625
Adventus Europe GmbH	39	-	-	-
	493	1.091	925	625
<u>Jointly controlled entities</u>				
Stollberg & Samil Co. Ltd	18	70	-	-
Pergem Mineral	6	-	-	-
Cebo International B.V.	-	245	111	68
	24	315	111	68
<u>Other related companies</u>				
Haliburton Affiliates LLC.	759	313	75	35
Motodynamics S.A., Group of companies	38	39	-	-
Perlite Hellas S.A.	-	-	771	1.018
Rescon India Private Ltd.	-	-	130	115
Other	40	52	5	3
	837	404	981	1.171
	1.354	1.810	2.017	1.864
	The Group			
	Revenues		Expenses	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2010	2009	2010	2009
<u>Associates</u>				
Laviosa Promasa S.A.	2.015	1.113	-	-
Laviosa Chimica Mineraria S.p.A.	65	629	-	-
Adventus Europe GmbH	39	-	-	-
Xinyang Athenian Mining Co. Ltd	-	-	1.167	1.105
Cape Trahilas Enterprises Ltd.	-	263	-	-
	2.119	2.005	1.167	1.105
<u>Jointly controlled entities</u>				
Cebo International B.V.	2.333	1.793	754	883
Stollberg & Samil Co. Ltd	57	63	147	147
Other	6	23	-	71
	2.396	1.879	901	1.101
<u>Other related companies</u>				
Haliburton Affiliates LLC.	5.446	2.178	606	546
Motodynamics S.A., Group of companies	-	319	-	-
Perlite Hellas S.A.	-	-	1.523	1.184
Rescon India Private Ltd.	-	-	1.247	652
Other	14	12	93	88
	5.460	2.509	3.469	2.470
	9.975	6.393	5.537	4.676

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22. RELATED PARTY TRANSACTIONS (continued)

The following tables present balances due from and due to, as well as revenues and expenses, between related parties and the Company:

	The Company			
	Due from		Due to	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
<u>Direct subsidiaries</u>				
Isocon S.A.	1.973	2.380	-	-
Greek Helicon Bauxite S.A.	12	13	923	705
Sibimin Overseas Ltd	7	6	-	-
Sarda Perlite S.r.l.	-	-	373	511
	1.992	2.399	1.296	1.216
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	-	4.525	95	-
S&B Industrial Minerals S.A.R.L.	505	888	-	-
S&B Endustriyel Mineraller A.S.	497	453	-	-
S&B Industrial Minerals North America Inc.	465	317	7	4
S&B Industrial Minerals Spain S.L.u.	-	712	-	-
S&B Industrial Minerals (Henan) Co. Ltd.	12	8	6	6
Cape Trahilas Three S.A.	11	2	-	-
S&B Industrial Minerals AD	10	-	671	442
	1.500	6.905	779	452
<u>Associates</u>				
Laviosa Promasa S.A.	330	366	-	-
Adventus Europe GmbH	39	-	-	-
Laviosa Chimica Mineraria S.p.A.	4	662	-	-
	373	1.028	-	-
<u>Other related companies</u>				
Motodynamics S.A., Group of companies	38	39	2	-
Cebo International B.V.	-	478	139	-
ORYMIL S.A.	33	33	-	-
Other	7	19	3	3
	78	569	144	3
	3.943	10.901	2.219	1.671

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22. RELATED PARTY TRANSACTIONS (continued)

	The Company			
	Revenues		Expenses	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
<u>Direct subsidiaries</u>				
Isocon S.A.	2.074	2.948	-	1
S&B Holding GmbH	478	638	-	-
Sarda Perlite S.r.l.	122	31	373	368
Sibimin Overseas Ltd	28	22	-	-
Greek Helicon Bauxite S.A.	16	13	763	855
	2.718	3.652	1.136	1.224
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	21.148	19.130	32	-
S&B Industrial Minerals North America Inc.	16.307	13.328	2	-
S&B Industrial Minerals S.A.R.L.	4.684	3.592	-	6
S&B Endustriyel Mineraller A.S.	1.053	495	-	-
S&B Industrial Minerals Spain S.L.u.	480	712	-	-
Stollberg Inc.	211	197	-	-
S&B Industrial Minerals AD	7	17	229	845
Cape Trahilas Enterprises Limited	2	263	-	-
Other	10	-	-	-
	43.902	37.734	263	851
<u>Associates</u>				
Laviosa Promasa S.A.	1.928	1.145	-	-
Laviosa Chimica Mineraria S.p.A.	55	859	-	-
Adventus Europe GmbH	39	-	-	-
	2.022	2.004	-	-
<u>Other related companies</u>				
Cebo International B.V.	4.493	3.199	-	-
Motodynamics S.A., Group of companies	-	319	-	-
ORYMIL S.A.	-	-	33	31
Other	14	12	60	57
	4.507	3.530	93	88
	53.149	46.920	1.492	2.163

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22. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel: Compensation of key management personnel for the years ended December 31, 2010 and 2009 were as follows:

	The Group		The Company	
	1/1-31/12 2010	1/1-31/12 2009	1/1-31/12 2010	1/1-31/12 2009
Board of Directors fees, net of taxes (Note 37)	422	305	422	305
Executives compensation (including executive board members)	5.224	3.915	4.859	3.324
	5.646	4.220	5.281	3.629

Board of Directors fees are approved by the Shareholders A.G.M. and as a result the related fees for the years ended December 31, 2010 and 2009 were accrued in the accompanying income statements. It is noted that the Shareholders A.G.M. on June 16, 2009 approved the amount of € 305 as 2008 Board of Directors fees and not € 460, as proposed by the Board of Directors. The difference of € 155 was reversed in 2009 income statement.

Balances due to key management personnel of the Group and Board members as of December 31, 2010 amounted to € 2.037 (€ 852 as of December 31, 2009). Balances due to key management personnel of the Company and to its Board members as of December 31, 2010 amounted to € 1.937 (€ 755 as of December 31, 2009).

Social security contributions paid by the Company to state contribution plans for key management personnel for the years ended December 31, 2010 and 2009 amounted to € 106 and € 110, respectively (the Group paid € 117 and € 121, respectively). Contributions paid for medical and pension plans by the Company and the Group to insurance entities for key management personnel for the years ended December 31, 2010 and 2009 amounted to € 207 and € 203, respectively.

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23. INVENTORIES

Inventories presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Bentonite	27.252	24.790	9.632	8.760
Perlite	9.522	9.775	2.965	2.662
Bauxite	9.075	6.690	8.840	6.489
Trading minerals	16.758	10.615	-	-
Continuous casting fluxes	7.988	6.409	-	-
Consumables and spare parts	7.409	7.705	6.169	6.331
Advances to suppliers for inventories purchases	653	1.077	203	115
	78.657	67.061	27.809	24.357
Less: provision for impairment of inventories	(1.601)	(1.968)	(901)	(1.101)
	77.056	65.093	26.908	23.256

Provision for impairment of inventories is as follows:

	The Group		The Company	
	Year 2010	Year 2009	Year 2010	Year 2009
Beginning balance	1.968	1.555	1.101	1.101
(Reversals) / Additions (income statement)	(46)	743	(200)	-
Provision used	(345)	(318)	-	-
Exchange difference	24	(12)	-	-
Ending balance	1.601	1.968	901	1.101

There are no pledges on the Group's and the Company's inventories.

24. TRADE RECEIVABLES

Trade receivables presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Trade receivables	52.624	47.705	8.550	7.300
Post-dated cheques and notes receivable	4.577	4.511	498	477
	57.201	52.216	9.048	7.777
Less: provision for bad debts	(5.458)	(4.716)	(1.240)	(1.013)
	51.743	47.500	7.808	6.764

Provision for bad debts is established on certain customer balances which the Group's Management considers as doubtful.

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24. TRADE RECEIVABLES (continued)

The movement of bad debts provision is as follows:

	The Group		The Company	
	Year 2010	Year 2009	Year 2010	Year 2009
Beginning balance	4.716	3.883	1.013	966
Additions (income statement)	929	1.282	248	47
Provision used	(141)	(441)	-	-
Exchange difference	16	(2)	-	-
Transfers	(62)	(6)	(21)	-
Ending balance	5.458	4.716	1.240	1.013

The following table presents the ageing analysis of trade receivables:

	The Group					
	Past due but not impaired				Non-past due and not impaired	Total
	0-30 days	31-90 days	91-180 days	> 180 days		
2010	6.396	2.376	630	789	41.552	51.743
2009	7.682	2.605	1.610	1.534	34.069	47.500
	The Company					
	Past due but not impaired				Non-past due and not impaired	Total
	0-30 days	31-90 days	91-180 days	> 180 days		
2010	690	38	181	0	6.899	7.808
2009	997	122	-	668	4.977	6.764

25. OTHER CURRENT ASSETS

Other current assets presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
VAT receivable	11.425	3.903	9.207	2.780
Unbilled revenue	1.637	1.806	1.136	1.505
Restricted cash	1.428	1.246	1.386	1.206
Prepaid expenses	875	803	423	300
Advances and prepayments	323	496	91	177
Other taxes receivable	73	296	-	-
Other current assets	2.472	2.143	760	759
Less: provision for impairment of other receivables	(620)	(297)	-	-
	17.613	10.396	13.003	6.727

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26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
Sight deposits	40.573	27.400	1.201	3.602
Time deposits	2.076	22.071	-	21.000
Cash in hand	75	102	7	17
	42.724	49.573	1.208	24.619

The composition of cash and cash equivalents per currency is as follows (all amounts are expressed in € currency):

	The Group		The Company	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
Euro	22.972	39.603	1.016	23.801
Other currencies	19.752	9.970	192	818
	42.724	49.573	1.208	24.619

Interest income from time and sight deposits accounted for in the fiscal year they relate and amounted to € 406 and € 290 for the Group (€ 197 and € 100 for the Company) for the years ended December 31, 2010 and 2009, respectively (Note 11). Bank deposits bear variable interest rates based on the current interbank market conditions.

27. SHARE CAPITAL

(in this note all amounts are expressed in Euro)

On June 10, 2009, the Board of Directors of the Company decided, and the Shareholders' AGM held on June 16, 2009 approved, a share capital increase by € 58.603,00 (58.603 common shares at par value of € 1,00 each), in order:

- to grant 50.483 shares at no consideration to the executives of the Group as a part of their performance-related compensation scheme. As the executives had rendered the respective services before December 31, 2008, the equivalent € amount was accrued in the year ended December, 2008. Upon the receipt of the new shares from the executives, the relevant provision was capitalized through the transfer of the resulted above par value difference of € 208.996,02 to the "Share premium";
- to grant 8.120 shares to executives under a long-term incentive plan. The resulted above par value difference of € 33.620,40 was transferred to "Share premium".

The Shareholders' AGM held on June 16, 2009 approved S&B's intention to increase the share capital, as proposed by the Board of Directors of the Company, by an amount up to € 40 million, in cash with a rights issue in favor of existing shareholders at a ratio of 1 new share per 3 existing shares. In this context, the Shareholders' AGM approved the share capital increase by € 10.356.440, in cash, and the issuance of 10.356.440 new common shares at par value of € 1,00 each.

According to the decision of the Board of Directors of the Company on August 5, 2009, within the relevant authorization granted by the AGM held on June 16, 2009, the new shares have been offered at the price of € 4,00. The Company submitted the Offering Circular (Prospectus) with respect to the share capital increase to Hellenic Capital Market Commission and the latter approved it on August 24, 2009.

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27. SHARE CAPITAL (continued)

By September 10, 2009 the Company completed the transfers of the pre-emption rights corresponding to 219.470 treasury shares, pursuant to the relevant decision of the AGM held on June 16, 2009. The transfers were performed on the market of the Athens Exchange resulting to an aggregate finance income of € 61.601,60. The exercise period for the pre-emption rights ended on September 21, 2009. As of September 25, 2009 the new shares are traded in the Athens Exchange.

The share capital increase was finally covered by 100% and the total amount of funds raised amounts to € 41.425.760,00. Following the above, the Company's share capital increased by € 10.356.440,00 through the issuance of 10.356.440 new common, registered, vote bearing shares of nominal value € 1,00 each. The aggregate resulted above par value difference of € 31.069.320,00 arisen between the subscription price and the nominal value of the new shares was transferred to "Share premium". The latter was decreased by the transaction expenses amounted to € 579.538,43.

As a result of all the above, at December 31, 2009 the share capital of the Company amounted to € 41.425.760,00 comprised of 41.425.760 common shares of € 1,00 par value each.

On May 17, 2010 the Board of Directors of the Company proposed and the Shareholders' General Assembly (AGM) held on June 17, 2010 approved to increase the Company's share capital by € 10.356.440,00 through the issuance of 10.356.440 common registered shares, of a nominal value of € 1,00 each, and the bonus distribution to the Company shareholders, in proportion of one (1) new common registered share for every four (4) existing shares. The share capital increase was effected, following the approval by the competent authorities on August 9, 2010, through the capitalisation of the following reserves:

- (a) amount of € 10.349.008,02 related to the tax-free reserve on article 22 of L.1828/89,
- (b) amount of € 7.431,98 related to the tax-free reserve on L.1892/90.

After the completion of this share capital increase, at December 31, 2010 the Company's share capital amounts to € 51.782.200,00, divided into 51.782.200 common registered shares of a nominal value of € 1,00 each.

It is noted that Earnings Per Share (EPS) for comparative periods presented has been retrospectively adjusted for the bonus element of 10.356.440 common shares issued on August 9, 2010.

Acquisition of treasury shares

Within 2009, the Company had purchased 151.912 common treasury shares at an average price of € 4,09 per share, for an aggregate amount of € 620.911,65. As a result, on December 31, 2009 the Company held a total of 385.952 treasury shares at an average price of € 5,88 per share for a total amount of € 2.268.181,28. It is noted that all purchased shares prior to the share capital increase effected on August 9, 2010 have been adjusted for the bonus element of one (1) new bonus share for every four (4) existing shares

Within 2010, the Company purchased 363.432 treasury shares, at an average price of € 3,71 per share, for an aggregate amount of € 1.349.969,83. It is noted that all purchased shares prior to the share capital increase effected on August 9, 2010 have been adjusted for the bonus element of one (1) new bonus share for every four (4) existing shares.

On August 12, 2010, the Company transferred 79.671 treasury shares to selected Company executives, in the context of performance appraisal programs. As a result, on December 31, 2010 the Company held a total of 669.713 treasury shares at an average price of € 4,80 per share, for a total amount of € 3.215.855,11.

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27. SHARE CAPITAL (continued)

The following table presents the weighted average number of shares for the years ended December 31, 2010 and 2009. It should be noted that as a result of the 2009 share capital increase with a rights issue for the existing shareholders, the weighted average number of shares outstanding for all the periods before the rights issue was adjusted based on the following adjusting factor:

$$\frac{\text{Fair value per share immediately before the exercise of rights}}{\text{Theoretical ex - rights fair value per share}} = \frac{\text{€4,91}}{\text{€4,68}} = 1,049$$

	December 31 2010	December 31 2009
Number of shares of the Company at year end	51.782.200	41.425.760
Effect to the weighted number of shares from:		
Share capital increase	-	(7.450.883)
Treasury shares purchase	(548.361)	(228.048)
<i>Impact from adjusting factor of 2009 share capital increase</i>	-	1.087.712
Basic weighted average number of shares in the year, as previously reported	51.233.839	34.834.541
<i>Adjusted for the 2010 bonus share capital issue of 1 for 4</i>	-	8.708.635
Basic weighted average number of shares in the year, as adjusted	51.233.839	43.543.176
Stock options that may be exercised in the future <i>(2009 figure adjusted for the 2010 bonus share capital increase of 1 for 4)</i>	596.610	420.146
Diluted weighted average number of shares in the year	51.830.449	43.963.323

28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES

(a) Stock Option Plans to members of the Board of Directors and Executives

Stock options (the "options") are awarded to executive members of the Company's Board of Directors and to certain Group executives in a ratio of one share per option. The number of options granted per individual is decided by the Board of Directors within the limits specified by the annual Stock Option Plans (the "plans"). Eligible individuals are those having completed at least one year of service in the Group. Options vest at 10% in November of the year they are granted and 30% in each of the following three years given that an employee remains with the Group. Vested options can be exercised within the first five (5) days of the respective month of the year they vest or in any of the five (5) years following the year they were granted. Effective from 2009 plan, the period of exercise was extended to seven (7) years. Options are not tradable or transferable.

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28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES (continued)

As of December 31, 2010, four stock option plans were active (granted in years 2007 - 2010), with exercise prices ranging from € 3,90 to € 7,94.

On June 17, 2010, the Shareholders' General Assembly (AGM) of the Company decided the grant of 1 bonus share for every 4 shares, effective from August 9, 2010 (Note 27). Relevant adjustments were also applied on the number of all options outstanding at this date (increase of approximately 25%), on their fair value and on their exercise price.

Further details of the plans are as follows:

	1/1-31/12/2010		1/1-31/12/2009	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	388.430	8,15	334.660	8,95
- Adjustment for 1 for 4 bonus share issue	97.113	-	-	-
- Granted	167.000	3,90	115.900	5,08
- Forfeited	(7.912)	4,94	-	-
- Exercised	-	-	-	-
- Expired at end of year	(85.851)	7,13	(62.130)	6,71
Outstanding at end of year	558.780	5,67	388.430	8,15
Exercisable at end of year	288.104	6,79	188.150	9,13
Unvested at end of year	270.676	4,48	200.280	7,23
	Weighted average remaining contractual term	Aggregate intrinsic value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at end of year	3,7	-	3,3	-
Exercisable at end of year	2,4	-	2,1	-

The market price of each share on the exercise date for 2010 and 2009 was € 3,96 (December 6, 2010) and € 4,43 (December 5, 2009), respectively.

Fair Value Calculations

The weighted average fair value for the 2010 stock option plan is € 0,93 and was determined by using a Monte Carlo simulation option pricing model taking into account the effects of early exercise. Key inputs and calculation outputs for the plans of 2010 and 2009 are presented below:

Fair value calculations	2010	2009
Weighted average share price	4,00	5,20
Weighted average exercise price	3,90	5,08
Weighted average expected volatility	34,60%	29,00%
Weighted average risk free rate	1,20%	2,40%
Weighted average expected dividends	3,40%	3,20%
Weighted average exercise period	4,10	3,96
Weighted average option value	0,93	1,07

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28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES (continued)

- Volatility was estimated based on the average of the four year period prior to the valuation date, excluding the period of the financial crisis (i.e. periods 17/12/04 - 31/12/07 and 01/07/09 - 27/08/10).
- The early exercise effect was calculated by assuming that employees will exercise their rights at the first period, after vesting, that the options reach a value of € 0,50.
- The weighted average exercise period and option value were calculated by the model.

Expense recognised in P&L

The cost of the stock option plans is recognized as an expense in the income statement, during the periods the requirements are gradually fulfilled. The income statement charge for the years ended December 31, 2010 and 2009 was € 214 and € 310, respectively. These amounts are transferred to a reserve in the equity, which is then reduced as the stock options are being exercised, cancelled or expired.

(b) Long-Term Incentive plan for Senior Executives

Certain Senior Group executives are granted Conditional Stock Rights (CSRs), each of which, if vested, gives right to one S&B share at no consideration (stock grant). CSRs vest subject to the conditions of operational performance, market performance and continuous employment. CSRs vested are considered to be exercised immediately and will be delivered in company shares or cash, following the approval of the Shareholders General Assembly. CSRs are not tradable or transferable.

The value of each CSR equals the share price at grant date adjusted for the expected dividend payments throughout the vesting period. This value stays constant during the vesting period. The vesting probability is being re-examined at every reporting period based on the most current operating data. The total value is amortised over the vesting period through the income statement. The value of each CSR with market performance conditions is determined by modelling (Monte-Carlo simulation) that takes into account the vesting probability based on historical market data.

On June 17, 2010, the Shareholders' General Assembly (AGM) of the Company decided the grant of 1 bonus share for every 4 shares, effective from August 9, 2010 (Note 27). Relevant adjustments were also applied on the number of all CSR's outstanding at this date (increase of approximately 25%) and on their fair value (decrease of 20%), therefore the total value of the plan was not modified.

As of December 31, 2010, four LTI plans were active (granted in years 2006 - 2010). Further details of the plans are as follows:

	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>
	Number of Options	Number of Options
Outstanding at beginning of year	433.939	281.204
- Adjustment for 1 for 4 bonus share issue	157.115	-
- Granted	262.302	216.451
- Forfeited	(67.844)	(34.071)
- Exercised	(40.445)	(29.645)
Outstanding at end of year	745.067	433.939
Exercisable at end of year	181.781	100.197
Unvested at end of year	563.286	333.742

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28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES (continued)

	1/1-31/12/2010		1/1-31/12/2009	
	Weighted average remaining	Aggregate	Weighted average remaining	Aggregate
	contractual term	intrinsic value	contractual term	intrinsic value
Outstanding at end of year	1,7	2.854	1,2	2.170
Exercisable at end of year	0,4	696	0,4	501

Fair Value Calculations

The weighted average fair value for the 2010 plan is € 3,13. The fair value was determined using a Monte Carlo simulation option pricing model. Key inputs and calculation outputs for the plans of 2010 and 2009 are presented below:

Fair value calculations	2010	2009
Weighted average share price	3,90	5,04
Weighted average expected volatility	33,10%	29,00%
Weighted average risk free rate	1,00%	2,00%
Weighted average expected dividends	3,20%	3,20%
Weighted average exercise period	3,00	3,10
Weighted average option value	3,13	3,50

- Volatility was estimated based on the average of the four year period prior to the valuation date, excluding the period of the financial crisis (i.e. periods 17/12/04 - 31/12/07 and 01/07/09 - 17/06/10).
- Vesting of some of the granted CSRs is dependent on market performance. Therefore, the probability of vesting was incorporated in the fair value measurement. Volatility and correlation of the Company share to the market were determined using the same period as above.
- Above fair values were calculated prior to the issue of the bonus shares. After the issue of the bonus shares all fair values were adjusted accordingly by a decrease of 20%.

Expense recognised in P&L

The cost of the CSR plans is recognized as an expense in the income statement, during the periods the requirements are gradually fulfilled. The income statement charge for CSR plans for the years ended December 31, 2010 and 2009 is € 486 and € 224, respectively, and is included in an equity reserve which is reduced as the CSRs are being exercised or cancelled.

(c) Share Appreciation Rights (SARs)

The Shareholders' General Assembly of the Company has approved the establishment of a compensation plan, the amount of which is connected to Company's share price (Share Appreciation Rights - SAR) and is settled in cash. SARs are not tradable or transferable.

On June 17, 2010, the Shareholders' General Assembly (AGM) of the Company decided the grant of 1 bonus share for every 4 shares, effective from August 9, 2010 (Note 27). Relevant adjustments were also applied on the number of all SAR's outstanding at this date (increase of approximately 25%) and on their fair value (decrease of 20%), therefore the total value of the plan was not modified.

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28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES (continued)

A number of 270.000 SARs vested in portions of 90.000 each, in the end of 2007, 2008 and 2009 and, an additional 90.000 vested in September 2010. SARs vested can be exercised within three weeks after the quarterly financial statements publication and up to December 31, 2011 (for the 270.000 SARs) or up to December 31, 2014 (for the remaining 90.000).

In 2007, an additional compensation plan was established under which 10.207 SARs were awarded at an exercise price of € 12,00. The amount of this compensation is connected to the Company's share price (Share Appreciation Rights - SAR), is settled in cash and was awarded to certain subsidiary executives.

As of December 31, 2010 four SAR plans were active (granted in years 2006 - 2009), with exercise prices ranging from € 8,00 to € 9,60 (as adjusted for bonus share). Further details of the plans are as follows:

	The Group			
	1/1-31/12/2010		1/1-31/12/2009	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	306.295	10,52	296.165	10,47
- Adjustment for 1 for 4 bonus share issue	76.575	-	-	
- Granted	-	-	10.130	12,00
Outstanding at end of year	382.870	8,42	306.295	10,52
Exercisable at end of year	379.070	8,40	225.767	10,09
Unvested at end of year	3.800	10,42	80.528	11,73
	Weighted average remaining contractual term		Weighted average remaining contractual term	
Outstanding at end of year		1,7		2,7
Exercisable at end of year		1,7		2,0
	The Company			
	1/1-31/12/2010		1/1-31/12/2009	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	288.000	10,47	288.000	10,47
- Adjustment for 1 for 4 bonus share issue	72.000	-	-	-
- Granted	-	-	-	-
Outstanding at end of year	360.000		288.000	10,47
Exercisable at end of year	360.000	8,32	216.000	10,00
Unvested at end of year	-	-	72.000	11,70

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28. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES (continued)

Fair Value Calculations

The weighted average fair value as of December 31, 2010 is € 0,03 and it was determined using a Monte Carlo simulation option pricing model. The fair value as of December 31, 2009 was calculated using the Black-Scholes model. Key inputs and calculation outputs for 2010 and 2009 are presented below:

Fair value calculations	2010	2009
Weighted average share price	3,87	4,88
Weighted average exercise price	8,42	10,52
Weighted average expected volatility	35,00%	29,00%
Weighted average risk free rate	0,90%	1,80%
Weighted average expected dividends	3,40%	3,20%
Weighted average exercise period	1,70	2,70
Weighted average option value	0,03	0,06

- Volatility was estimated based on the average of the four year period prior to the valuation date, excluding the period of the financial crisis (i.e. periods 01/07/05 - 31/12/07 and 01/07/09 - 6/12/10).
- The early exercise effect was calculated by assuming that employees will exercise their rights at the first period, after vesting, that the options reach a value of € 0,50.
- The weighted average exercise period and option value were calculated by the model.

Expense recognised in P&L

The cost of the SAR plans is recognized as an expense in the income statement, during the periods the requirements are gradually fulfilled. The income statement charge relating to the vesting of SARs for the years ended December 31, 2010 and 2009 is € (4) and € (324), respectively (€ (3) and € (319) for the Company, respectively), and is included in "Other provisions" in the statement of financial position. This provision is reduced as the SARs are being exercised, cancelled or expired. The table below illustrates the movement of the provision:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Balance at the beginning of the year	17	341	16	335
Income statement charge	(4)	(324)	(3)	(319)
End of the year	13	17	13	16

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29. OTHER RESERVES

Other reserves in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Tax-free reserves and special reserves	71.242	84.426	76.941	87.298
Legal reserve	10.344	10.344	10.010	10.010
Revaluation reserves from participations and securities	2.825	2.825	2.825	2.825
Extraordinary reserves	589	490	-	-
Reserves from tax-exempted income	538	3.904	538	3.904
Other reserves	165	279	(16)	99
	85.703	102.268	90.298	104.136

The majority of the above reserves relates to the Company and the Greek subsidiaries. Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed throughout the life of the company. For the year ended December 31, 2009, the Company and the Group transferred to legal reserve an amount of € 183. For the year ended December 31, 2010, there was no transfer to legal reserve due to the net loss reported by the Company,

Tax free reserves and special reserves represent mainly non distributed profits that are exempt from income tax based on special provisions of development laws (under the condition that adequate profits exist for their allowance). These reserves mainly relate to investments and are not distributed. For these reserves no deferred tax liabilities were provided. In 2009, the Company created tax free reserves and special reserves of an aggregate amount of € 2.200. In 2010, in the context of the share capital increase with bonus distribution to the Company shareholders, the Company capitalized tax-free reserves of € 10.356. Moreover, the Group transferred an amount of € 2.829 to Retained Earnings through its subsidiaries.

Reserves from tax exempted income (inclusive of specially taxed reserves) represent interest income and income from disposal of listed in the Stock Exchange and non-listed companies and are tax free or tax has been withheld at source. Except for any tax prepayments, these reserves are subject to taxes in case they are distributed.

Reserves from tax exempted income were reduced by amounts of € 53 and € 1.233, in 2010 and 2009 respectively, representing the income tax relating to the future distribution of these reserves. In 2010, reserves from tax exempted income of € 3.314 net of taxes were distributed by the Company (Note 30).

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30. DIVIDENDS
(in this note all amounts are expressed in Euro)

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. The non-distribution of dividends requires the unanimous consent of all Company's shareholders. 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 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 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 9, 2009, the Company's Board of Directors decided to propose to the Shareholders' AGM a dividend distribution for the year 2008 which amounted to € 4.961.715,00 (€ 0,16 per share). The Shareholders' AGM, held on June 16, 2009, approved the distribution of the aforementioned dividend which was paid to the Company's shareholders on July 8, 2009, net of the related 10% withholding tax i.e. € 4.465.543,50.

On March 10, 2010, the Company's Board of Directors decided to propose to the Shareholders' AGM a dividend distribution for the year 2009 which amounted to € 4.971.092,00 (€ 0,12 per share). The Shareholders' AGM, held on June 17, 2010, approved the distribution of the aforementioned dividend which was paid to the Company's shareholders on July 6, 2010.

The financial statements of the year 2010 were approved by the Board of Directors of the Company in a meeting held on March 22, 2011. Due to the reported net loss for the Company, statutory minimum dividend declaration and payment for 2010 is not required. As a result, the Board of Directors did not propose any dividend distribution to the Shareholders' AGM for 2010 but instead a recapitalization transaction that will result to a capital return of € 0,25 per share to the shareholders.

The dividend not collected by the shareholders by December 31, 2010 and 2009 amounted to € 25.430,40 and € 28.650,59, respectively.

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31. PROVISION FOR STAFF LEAVING INDEMNITIES

The Group has established certain entitlement programs in the various countries of doing business which may be summarized as follows:

Statutory Benefit Obligation: In accordance with local labor law, employees are entitled to indemnities for dismissal or retirement, the amount of which varies according to salary, years of service and the way of separation (dismissal or retirement). Employees who quit or are fairly dismissed are not entitled to an indemnity. The amount of the retirement indemnity in Greece is equal to 40% of indemnity entitled in the case of an unfair dismissal. In accordance with practices in Greece and in other countries the Group's subsidiaries operate, employees' indemnity plans are not usually funded. These plans are classified as defined benefit plans in accordance with IAS 19.

In accordance with Group practice, a selected group of employees are provided with certain entitlements which under IAS 19 are classified as defined benefit pension plans and are indexed to inflation. The level of benefits is covered with individual contracts and varies according to calculation which considers the years of service, age and level of salary for a defined period. The Group charges to the income statement the accrued indemnities in each period with a corresponding increase of the liability. Any payments made to entitled employees during any period are offset against this liability. Group's liabilities are evaluated by international firms of independent actuaries.

The movement in the net liability in the statement of financial position is as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Net liability at beginning of the year	17.815	16.476	8.151	7.712
Benefits paid by the Group	(2.916)	(2.753)	(1.284)	(2.070)
Expense recognized in the income statement	4.631	3.936	3.515	2.363
Exchange difference	20	10	-	-
Capitalized expenses	63	146	63	146
Net liability at year-end	19.613	17.815	10.445	8.151

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31. PROVISION FOR STAFF LEAVING INDEMNITIES (continued)

The details and principal assumptions of the actuarial study as at December 31, 2010 and 2009 have as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Reconciliation of net liability benefit obligation				
Present value of actuarial liability at the beginning of the year	20.232	18.406	9.826	9.746
Service cost	554	1.473	394	397
Interest cost (Note 12)	970	1.041	510	544
Past service cost arising over last period	1.473	401	1.473	401
Benefits paid	(2.916)	(2.753)	(1.284)	(2.070)
Additional cost of extra benefits	868	1.145	372	1.145
Actuarial loss / (gain)	922	509	376	(337)
Foreign exchange differences	20	10	-	-
Present value of actuarial liability at the end of the year	22.123	20.232	11.667	9.826
Unrecognized actuarial loss	(2.210)	(1.289)	(921)	(547)
Unrecognized service cost	(300)	(1.128)	(301)	(1.128)
Net liability in balance sheet	19.613	17.815	10.445	8.151
Components of income statement charge				
Service cost	554	1.473	394	397
Interest cost (Note 12)	970	1.041	510	544
Amortization of unrecognized actuarial loss	496	-	-	-
Amortization of unrecognized service cost	2.301	337	2.301	337
Regular charge to income statement	4.321	2.851	3.205	1.278
Additional cost of extra benefits	373	1.231	373	1.231
Capitalized expenses	(63)	(146)	(63)	(146)
Total charge to income statement	4.631	3.936	3.515	2.363
Principal assumptions				
Discount rate	4,45%-4,50%	5,25%	4,45%	5,25%
Rate of personnel compensation increase	2%-5,50%	2%-5,50%	5,50%	5,50%
Average future working life (in years)	12,5-13,91	13,74-13,87	13,91	13,87

The amount of additional cost of termination benefits relates to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional charge to the income statement of the year.

Employers' contributions to Social Security defined contribution plans: The Group has paid to Social Security funds for the year ended December 31, 2010 and 2009 € 12.574 and € 12.567 (€ 5.542 and € 5.521 for the Company) respectively. These contributions are recognized in the income statement as incurred.

Defined Contribution Plans: The Group has also pension plans under which it pays fixed contributions into an insurance entity and for IAS 19 purposes are classified as defined contribution plans. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee years of service.

Contributions paid by the Company to the insurance company for the years ended December 31, 2010 and 2009 amount to € 1.195 and € 1.182, respectively. These contributions are charged to the income statement as incurred.

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32. PROVISION FOR ENVIRONMENTAL REHABILITATION

The movement of provision for environmental rehabilitation for the year ended December 31, 2010 and 2009 is as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Balance at the beginning of the year	13.838	14.875	11.427	12.484
Finance cost (Note 12)	1.074	865	960	759
Change in future outflow for depleted mines (income statement)	(517)	(83)	(432)	(358)
Change in future outflow for active mines (tangible assets)	(644)	(71)	(644)	(71)
Re-estimation of provision	(742)	(713)	(603)	(468)
Business combinations	-	9	-	-
Foreign exchange differences	42	(19)	-	-
Utilization of provision (payments)	(705)	(1.025)	(635)	(919)
Balance at year end	12.346	13.838	10.073	11.427

33. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowings presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Bond loan (Law 3156/2003)	102.500	110.000	102.500	110.000
Syndicated loan	52.500	60.000	-	-
Loan in INR	-	99	-	-
Loans in other currencies	-	22	-	-
	155.000	170.121	102.500	110.000
Loan expenses	(142)	(254)	(71)	(127)
Less: current portion of long term loans and borrowings	(35.000)	(15.079)	(27.500)	(7.500)
	119.858	154.788	74.929	102.373

The above bank loan balances approximate their fair value since they have floating interest rates and are not traded in a secondary interbank market. For the above loans there are no pledges or other guarantees. The weighted average interest rate of long term loans for the year ended December 31, 2010 and 2009 is 2,31% and 3,04% (2,57% and 3,40% for the Company), respectively. The maturity of the above loans extends up to 2013.

Total interest expense of long-term borrowings for the year ended December 31, 2010 and 2009 amounts to € 2.981 and € 5.089 (€ 1.935 and € 3.486 for the Company), respectively (Note 12).

The terms of the above loans contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA and EBITDA to net interest expense (these ratios refer to the consolidated financial statements of S&B).

In March 2009, the Company refinanced € 45,5 million of bond loans. Moreover, in June 2009 the Group repaid syndicated loans amounting to € 7,5 million. Within 2010, the Group repaid bond and syndicated loans amounting to € 15.000 and the Company refinanced € 30.000 of bond loan, extending its maturity from March 2011 to June 2013.

(Amounts in thousand Euro, unless otherwise stated)

33. INTEREST BEARING LOANS AND BORROWINGS (continued)

With respect to the above loans the table below presents the future payments as of December 31, 2010 and 2009:

	The Group		The Company	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
Within one year	35.000	15.079	27.500	7.500
1-5 years	120.000	155.042	75.000	102.500
	155.000	170.121	102.500	110.000

34. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has contracted with banks derivative financial instruments in order to hedge part of its exposure to the risks arising due to the volatility of sea freights cost and interest rates. Management believes that derivative financial instruments provide effective hedge against these risks.

Sea freights derivatives: The Group uses Sea Freight Derivatives (FFA) on Supramax Index of Baltic Exchange in order to hedge the volatility of its sea transportation costs. The Group believes that FFAs offer effective hedge against the risks arising out of the volatility of sea freight prices. However, FFAs do not meet the requirements of cash flow hedges according to IAS 39 "Financial Instruments: Recognition and Measurement" and therefore any change in their fair value is recognized directly to the income statement. All sea freight derivatives had a maximum duration of 12 months.

Interest Rate SWAP derivatives: The Group uses Interest Rate SWAP ("IRS") in order to hedge its net income against adverse changes of interest rate levels. Plain vanilla IRS and Zero Cost Collar IRS meet the requirements of cash flow hedges according to IAS 39 "Financial Instruments: Recognition and Measurement" and thus any change in their fair value is recognized directly to other comprehensive income. Interest Rate Swap derivatives have duration of up to 5 years.

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34. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table presents the fair value and the movement of derivative financial instruments for the year ended December 31, 2010 and 2009 (for the Group and the Company):

	January 1 2010	Movement in 2010			December 31 2010	
		Income statement	Equity	(Receipts) / Payments		
Financial instruments that qualify for hedge accounting						
Valuation of Interest Rate Swaps (IRS)	(227)	-	(374)	-	(601)	(a)
	<u>(227)</u>	<u>-</u>	<u>(374)</u>	<u>-</u>	<u>(601)</u>	
Financial instruments that do not qualify for hedge accounting						
Settlement of freight derivatives	80	-	-	(80)	-	(b)
	<u>80</u>	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>-</u>	
Financial instruments liabilities (Note 37) - (a)+(b)					<u>(601)</u>	
Movement in 2009						
	January 1 2009	Income statement	Equity	(Receipts) / Payments	December 31 2009	
Financial instruments that qualify for hedge accounting						
Interest Rate Swaps (IRS)		-	(227)	-	(227)	
Settlement on oil derivatives	(521)	-	521	-	-	
	<u>(521)</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>(227)</u>	(c)
Financial instruments that do not qualify for hedge accounting						
Settlement & valuation on freight derivatives 2009 (Note 12)	(947)	960	-	67	80	(d)
Forward freight agreement (FFA) 2007	168	7	-	(175)	-	(e)
Settlement on oil derivatives (Note 13)	(1.072)	(361)	-	1.433	-	(f)
	<u>(1.851)</u>	<u>606</u>	<u>-</u>	<u>1.325</u>	<u>80</u>	
Financial instruments liabilities (Note 37) - (c)+(d)+(f)					<u>(147)</u>	

The above amounts are presented before deferred taxes impact.

All the above derivative financial instruments are measured on Level 2 of the fair value hierarchy.

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35. TRADE PAYABLES

Trade payables presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Suppliers	41.193	30.019	12.081	8.664
Freights payable	1.546	1.469	539	982
Customers advances	1.276	2.176	-	296
	44.015	33.664	12.620	9.942

36. SHORT-TERM BORROWINGS

Short-term borrowings presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Short-term loans	288	997	-	-
Overdrafts	491	629	-	-
Used amount	779	1.626	-	-

The above loans are analyzed as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
- Euro (EUR)	458	-	-	-
- Korean Won (KRW)	288	856	-	-
- Indian Rupee (INR)	29	630	-	-
- Real Brazil (BRL)	-	140	-	-
- Turkish Lira (TRY)	4	-	-	-
Total	779	1.626	-	-

As of December 31, 2010 and 2009 the Group has entered into short-term loan agreements and overdrafts with floating interest rate (Euribor plus spread for loans in Euro). For the above loans, no guarantees have been provided. The weighted average interest rate of short-term loans in Euro, for the years ended December 31, 2010 and 2009 is 4,48% and 3,20% (4,74% and 2,81% for the Company) respectively. The weighted average interest rate of short term loans in INR, KRW and Euro for the year ended December 31, 2010 is 7,89%, 5,27% and 0,46% respectively. Total interest expense for the years ended December 31, 2010 and 2009 amounts to € 1.562 and € 1.433 (€ 1.418 and € 1.223 for the Company), respectively (Note 12). Within October 2009, the Company repaid short term loans amounting to € 23 million.

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37. OTHER CURRENT LIABILITIES

Other current liabilities presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
Bonus to employees	4.140	2.185	3.868	1.937
Accrued payroll expenses	4.156	3.398	389	325
Taxes and duties	2.507	2.307	1.083	762
Social security	1.957	2.391	1.422	1.810
Board of Directors fees, net of taxes (Note 22)	422	305	422	305
Derivatives (Note 34)	601	147	601	147
Interests accrued	183	151	177	135
Freights accrued	130	129	-	-
Other accrued expenses	2.397	2.406	156	195
Other payables	4.938	4.450	2.321	2.093
	21.431	17.869	10.439	7.709

The settlement part of the amount “Bonus to employees” is pending to the approval of the Company’s Shareholders General Assembly Meeting. The amount of “Freights accrued” was paid within the first month of next year.

38. FINANCIAL RISK MANAGEMENT

The main activities of the Group are influenced by a variety of financial risks such as (indicatively and not exhaustively) the risks resulting from changes in foreign currency exchange rates and interest rates. The overall financial risk management program is focused on unpredictability of financial markets and seeks to minimize potential adverse effects in the Group’s financial position as a whole. Financial risk management is performed by a central Corporate Treasury Department.

The Corporate Treasury Department operates as a service department that provides access to financial markets to the Group subsidiaries. This includes identifying, evaluating and if necessary, hedging financial risks relating to the Group’s operating activities. The Corporate Treasury Department does not undertake any transactions of a speculative nature.

The Group’s main financial instruments consist, apart from derivatives, cash and cash equivalents, trade and other receivables, bank and bond loans and trade and other payables.

As further discussed in Note 34, the Group may enter in derivative financial instruments, such as interest rate options, cross currency swaps, oil and freight derivatives in order to manage the related risks stemming from its activities and the way of financing. Management periodically controls and revises the relative policies and procedures in connection with financial risk management, which are summarized below:

(i) Credit Risk: The Group has no significant concentrations of credit risk with any single counter party. The maximum exposure to credit risk is represented by the carrying amount of each asset, including derivative financial instruments, in the statement of financial position. With respect to derivative financial instruments, the Group monitors its positions, the credit ratings of counter parties and the level of contracts it enters into with any counter party. The counter parties to these contracts are major financial and other institutions. The Group has a policy of entering into contracts with parties that are well qualified and, given the high level of credit quality of its derivative counter parties, the Group does not believe it is necessary to enter into collateral arrangements.

(Amounts in thousand Euro, unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

(ii) **Fair Value:** The carrying amounts reflected in the statements of financial position for cash and cash equivalents, receivables, and current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of marketable securities are based on their quoted market prices. For all derivatives, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.

(iii) **Liquidity Risk:** The Group manages its liquidity risk by on-going monitoring of its cash flows. The Group budgets and follows up its cash flows and appropriately acts for available cash deposits and credit lines with the banks. The unutilized approved credit lines available to the Group are sufficient to cover any foreseeable financing need. The table below summarizes the maturity profile of the Group and the Company interest bearing borrowings and their estimated interest expense as of December 31, 2010 and 2009, respectively:

The Group				
Interest-bearing loans	Up to 1 year	1-5 years	>5 years	Total
31.12.2010	39.112	123.170	-	162.282
31.12.2009	20.508	159.359	-	179.867
The Company				
Interest-bearing loans	Up to 1 year	1-5 years	>5 years	Total
31.12.2010	30.039	77.740	-	107.779
31.12.2009	10.053	105.518	-	115.571

The table below summarizes the maturity profile of the Group and the Company financial liabilities based on contractual undiscounted payments:

The Group					
2010	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	28.977	14.456	259	323	44.015
Other current liabilities	3.834	2.561	111	1.006	7.512
	32.811	17.017	370	1.329	51.527
2009	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	22.042	11.227	281	114	33.664
Other current liabilities	1.519	814	2.340	644	5.317
	23.561	12.041	2.621	758	38.981
The Company					
2010	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	7.120	5.500	-	-	12.620
Other current liabilities	973	1.232	-	892	3.097
	8.093	6.732	0	892	15.717
2009	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	5.301	4.641	-	-	9.942
Other current liabilities	444	-	2.237	228	2.909
	5.745	4.641	2.237	228	12.851

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38. FINANCIAL RISK MANAGEMENT (continued)

Total credit limits of the Group and the Company (long term and short term loans) at December 31, 2010 and 2009 are as follows:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
Credit limit	243.064	250.268	174.000	171.315
Less: used amount				
-Long term loans	(155.000)	(170.121)	(102.500)	(110.000)
-Short term loans	(779)	(1.626)	-	-
-Guarantees (reducing credit lines' availability)	(5.336)	(6.949)	(1.848)	(3.597)
Unused credit limits	81.949	71.572	69.652	57.718

(iv) Interest Rate Risk. With respect to its long-term debt, the Management of the Group monitors closely the fluctuations in interest rates and evaluates on an ongoing basis the need to enter into any financial instruments to mitigate those risks, when necessary. In that respect and in relation to long-term business plans, the Group may enter into interest rate swap contracts and other interest-rate derivative instruments. Such financial instruments are measured at fair value and recognized as assets or liabilities in the financial statements.

Total Group debt is on a floating basis. As a result, Group interest rate risk arises mainly from changes in Euro interest rates, as Euro denominated debt represents the majority of Group's borrowings. Secondly, interest rate risk arises from changes in others currencies denominated debt (INR, KRW, BRL, TRY). The following table demonstrates the sensitivity to a reasonably possible change in interest rates in Euro and other currencies, with all other variables held constant, on the Group's and the Company's profit before tax for the year ended December 31, 2010 and 2009, respectively:

	The Group			
	Change in basis points	Effect from Euro interest rate changes	Effect from other interest rate changes	Total effect on profit before tax
2010	20	(315)	(1)	(316)
	(15)	237	0	237
2009	20	(345)	(4)	(349)
	(15)	258	3	261

	The Company	
	Change in basis points	Total effect in profit before tax
2010	20	(208)
	(15)	156
2009	20	(223)
	(15)	167

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38. FINANCIAL RISK MANAGEMENT (continued)

(v) Foreign exchange risk. The Group is exposed in foreign exchange risk as it undertakes operations in various foreign currencies. Foreign exchange risk is managed, where necessary, mainly through the use of forward exchange contracts. These derivatives are measured at fair values and recognized as asset or liability in the financial statements. The largest part of foreign exchange risk is attributed to business operations in USD and GBP. The following table demonstrates the sensitivity to a reasonably possible change in the USD and GBP exchange rate, with all other variables held constant, of the Group's and the Company's profit before tax for the year ended December 31, 2010 and 2009, respectively:

	<u>Change in exchange rate</u>	<u>Effect from USD exchange rate changes</u>	<u>Effect from GBP exchange rate changes</u>	<u>Total effect on profit before tax</u>
The Group				
2010	5%	(114)	23	(91)
	-5%	103	(21)	82
2009	5%	(45)	42	(3)
	-5%	40	(38)	2
The Company				
2010	5%	160	11	171
	-5%	(145)	(10)	(155)
2009	5%	57	21	78
	-5%	(52)	(19)	(71)

(vi) Capital Management: The primary objective of the Group's capital management is to ensure the continuous smooth operation of its business activities and the achievement of its growth plans combined with an acceptable credit rating. For the purpose of capital management, the Group monitors the ratio "Net Debt to EBITDA". As net debt, the Group defines interest bearing borrowings minus cash and cash equivalents. The ratio is managed in such a way in order to ensure the Group a credit rating compatible with its strategic growth.

The table below presents ratio results for the years December 31, 2010 and 2009 respectively:

	The Group	
	2010	2009
Long-term borrowings	119.858	154.788
Current portion of long term loans and borrowings	35.000	15.079
Short-term borrowings	779	1.626
Cash and cash equivalent	(42.724)	(49.573)
Net debt	112.913	121.920
Group EBITDA	59.817	38.958
Net Debt / EBITDA of the Group	1,89	3,13

The Company manages its capital on a consolidated level.

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39. COMMITMENTS AND CONTINGENCIES

(a) Litigations and claims: The Group is a party to various lawsuits and arbitration proceedings in the normal course of business, against which the Group has provided for an amount of € 450 and € 709 as of December 31, 2010 and December 31, 2009, respectively, (€ 425 and € 404 as of December 31, 2010, and December 31, 2009, respectively, for the Company) in the financial statements.

Moreover, by its decisions 8778/07 and 8779/07 the Hellenic Ministry for the Environment, Energy and Climate Change imposed penalties of € 224 and € 168, respectively, to the Company in 2007. The related amounts were paid in 2008. Furthermore, the Company appealed the above decisions before the Administrative Court of Athens which by its decisions 1630/2008 and 1631/2008 accepted the appeals and rejected the initial decisions of the Hellenic Ministry for the Environment, Energy and Climate Change. The above amounts were remitted to the Company in 2009. The pertinent authorities have repeated the procedure and by their decisions 2589/9.7.10 and 2588/9.7.10 have imposed to the Company the same amount of penalties € 224 and € 168, respectively. The amounts were paid within 2010. However, following the aforementioned payment, the Company has appealed against the above decisions before the Administrative Court of Athens.

Except for these cases, the Group's Management believes that the outcome of any remaining litigation is not expected to have a material adverse effect on the Group's and the Company's financial position and operations.

By a letter dated September 29, 2010, the Secretariat of the International Commercial Chamber (I.C.C.) Arbitrary informed the Company that it has received a request for arbitration from Kerneos S.A. (claimant), a French third party customer. The claimant, on the basis of a 10-year supply of bauxite agreement with the Company, alleges that the Company has breached its contractual obligations due to non-delivery of the quantities stipulated in the said agreement and it claims the amount of € 4.010 for damages for late deliveries of bauxite and € 73 for quality penalties. In addition, it reserves its rights to seek further compensation. Based on current facts and circumstances, the Group's Management has reasons to believe that the case will be concluded in favor of the Group and, therefore, no provision was made in the December 31, 2010 financial statements.

(b) Guarantees: At December 31, 2010 and 2009 the Group has issued letters of guarantee for a total amount of € 4,9 million and € 6,1 million, respectively, while the Company has issued letters of guarantee for a total amount of € 2,9 million and € 2,7 million, respectively, relating mainly to mining rights and licenses. It is noted that within third quarter 2009 the Group has issued a letter of guarantee of € 2,7 million relating to a customer advance received. Further to the above, the Company as of December 31, 2010 had issued corporate guarantees to banks in favor of certain subsidiaries for the issuance of bank loans to them for a total amount of approximately € 64,2 million (approximately € 76,0 million as of December 31, 2009).

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39.COMMITMENTS & CONTINGENCIES (continued)

(c) Operating lease commitments: As of December 31, 2010 the Group and the Company have entered into a number of operating lease agreements relating mainly to the rental of buildings that expire on various dates through 2024. Rental expenses included in the income statement for the year ended December 31, 2010 and 2009 amounted to approximately € 7,1 million and € 7,2 million respectively (approximately € 1,8 million and € 2,0 for the Company, respectively). Future minimum lease payments under non-cancelable operating leases as at December 31, 2010 and 2009 are as follows for the Group and the Company:

	The Group		The Company	
	December 31 2010	December 31 2009	December 31 2010	December 31 2009
(In million €)				
Within one year	5,7	6,8	1,8	1,8
1-5 years	14,0	12,4	7,5	7,4
After 5 years	22,4	21,6	19,3	18,9
	42,1	40,8	28,6	28,1

(d) Capital commitments: At December 31, 2010 and 2009 the Group had commitments of € 2.411 and € 2.733 relating to the construction of Property, Plant & Equipment, respectively, (€ 2.084 and € 1.980 for the Company, respectively).

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40. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into divisions based on the nature of the industrial mineral applications. The Group has five reportable profit generating segments which are independently managed, plus the Corporate segment. This external segment reporting is based on the Group's internal organizational and management structure and on key figures of internal financial reporting to the chief operating decision maker who is considered to be the Chief Executive Officer. Therefore, the Group's reportable operating segments are summarized as follows:

- **Bentonite segment:** the Bentonite segment supplies bentonite, zeolite, coal and other additives to a wide range of applications, such as foundry sand castings, iron ore pelletising, civil engineering projects, cat litter, paper manufacturing and animal feed. Bentonite is clay with strong colloidal properties, which increases in volume several times when coming into contact with water, creating a gelatinous substance, useful for its binding and rheological properties.
- **Perlite segment:** perlite is a natural volcanic glassy material formed by rapidly cooled lava that trapped water within its mass, thereby giving perlite its most important physical property, the ability to expand and increase its volume. Perlite has thermal and acoustic insulation properties, as well as high porosity making it an excellent lightweight aggregate, hydroponics media and significant component of acoustical tiles.
- **Bauxite segment:** bauxite is the basic raw material in the production of alumina. The Group leases and owns bauxite mines in the Parnassos and Giona mountain regions in central Greece, and in Italy. The bauxite reserves are of diasporic and boehmitic type.
- **Continuous Casting Fluxes (C.C.F.) segment:** C.C.F. segment supplies continuous casting fluxes, associated products, and services for the steel industry. Fluxes have a complex composition and are engineered to satisfy the customer needs. They are essential for the operational reliability and high-grade steel production in continuous casting, bottom pouring, ladle and tundish processes.
- **Minerals trading segment:** the Minerals trading segment is a supplier of industrial minerals for the glass, ceramic, metallurgy and refractory industries. Minerals trading segment produces customized products under strict quality control by using its own crushing and milling facilities.
- The **Corporate segment** incorporates all corporate activities, including the exploration for renewable sources of energy and the management and development of real estate property.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on sales, profit / (loss) before tax and Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA"). It is noted that the Group applies the same accounting policies as those in the financial statements in order to measure the operating segment's results. Group financing, including finance costs (other than the finance costs of provisions for environmental rehabilitation and staff leaving indemnities) and finance income, as well as income taxes are measured on a group basis and are included in corporate segment without being allocated to the profit generating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment sales are eliminated on consolidation.

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40. OPERATING SEGMENT INFORMATION (continued)

The following tables present sales and results regarding the Group's operating segments for the years ended December 31, 2010 and 2009, respectively:

	1/1-31/12/2010				
	Sales			Results	
	Third party	Inter-segment	Total sales	Profit / (loss) before tax	EBITDA
Bentonite	190.175	259	190.434	39.103	49.899
Perlite	66.159	33	66.192	5.983	9.913
C.C.F.	93.899	-	93.899	16.115	20.062
Bauxite	31.733	5	31.738	(11.843)	1.060
Minerals trading	36.603	227	36.830	4.190	4.515
Corporate	1.565	-	1.565	(31.790)	(25.632)
Eliminations	-	(524)	(524)	-	-
Total	420.134	-	420.134	21.758	59.817
	1/1-31/12/2009				
	Sales			Results	
	Third party	Inter-segment	Total sales	Profit / (loss) before tax	EBITDA
Bentonite	153.526	197	153.723	23.744	32.810
Perlite	61.137	-	61.137	6.400	10.035
C.C.F.	64.951	-	64.951	6.032	9.704
Bauxite	29.890	368	30.258	1.285	8.301
Minerals trading	25.380	312	25.692	(2.633)	(1.882)
Corporate	951	-	951	(27.503)	(20.010)
Eliminations	-	(877)	(877)	-	-
Total	335.835	-	335.835	7.325	38.958

The following table present segment assets of the Group's operating segments as of December 31, 2010 and 2009:

	ASSETS	
	December 31, 2010	December 31, 2009
Bentonite	195.893	194.380
Perlite	76.210	76.261
C.C.F.	78.760	73.056
Bauxite	56.271	55.332
Minerals trading	23.068	17.418
Corporate	93.330	94.384
Eliminations	139	25
Total	523.671	510.856

It is noted that income tax assets (current and deferred), available-for-sale financial assets, derivative financial assets and cash and cash equivalents are included in the Corporate segment.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

(Amounts in thousand Euro, unless otherwise stated)

40. OPERATING SEGMENT INFORMATION (continued)

Geographic information

Revenues from external customers, based on their location, are analyzed as follows:

	Revenues from external customers	
	Year 2010	Year 2009
Germany	97.264	78.686
United States	67.525	50.087
Greece	32.148	32.039
France	30.882	26.270
Netherlands	20.372	19.888
Canada	16.212	10.914
Italy	13.091	11.320
Russia	12.531	8.332
Spain	11.518	8.718
Sweden	11.321	6.793
United Kingdom	10.800	9.940
Other	96.470	72.848
	420.134	335.835

No single country exceeds 3% of total revenues from external customers in line "Other". Furthermore, there is no single customer whose sales revenue exceeds 5% of the Group's sales.

The Group's non-current assets per geographical segment have as follows:

	Non-current assets	
	December 31, 2010	December 31, 2009
Greece	153.325	157.557
Germany	92.976	94.091
United States	22.084	22.105
Netherlands	12.108	12.392
Bulgaria	8.487	9.029
Italy	7.803	7.913
Other	29.454	26.490
	326.237	329.577

Non-current assets for this purpose consist of property, plant and equipment, investment properties, intangible assets including goodwill and investments in associates.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

(Amounts in thousand Euro, unless otherwise stated)

41. PRIOR YEARS RECLASSIFICATIONS

For better presentation and comparison purposes, the following amounts have been reclassified: (i) a cash inflow of € 67 has been transferred from “Interest and other finance income received” to “Net foreign exchange difference on cash flows” in the separate statement of cash flows for the year ended December 31, 2009, (ii) an amount of € 10.778 has been transferred from line “Rentals & Utilities” to line “Gas & Electricity” in Note 6 for the year ended December 31, 2009 (€ 2.132 for the Company), (iii) an amount of € 6.610 related to costs for repairs & maintenance has been transferred from line “Rentals & Utilities” to line “Other expenses” in Note 6 for the year ended December 31, 2009 (€ 1.083 for the Company), (iv) an amount of € 89 has been transferred from line “Consumptions” to line “Depreciation & amortization” in Note 6 for the year ended December 31, 2009 (€ 105 for the Company), (v) an amount of € 1.090 related to other expenses has been transferred from line “Consumptions” to line “Other expenses” in Note 6 for the year ended December 31, 2009 for the Company, (vi) a deferred tax asset of € 772 has been transferred from line “Other deferred tax assets” to line “Provision for bad debts” in Note 13 for the year ended December 31, 2009 (no relevant transfer for the Company), (vii) a deferred tax asset of € 215 has been transferred from line “Other deferred tax assets” to line “Intangible assets fair value adjustment” in Note 13 for the year ended December 31, 2009 (no relevant transfer for the Company), (viii) a deferred tax asset of € 38 has been transferred from line “Financial derivatives” to line “Other deferred tax assets” in Note 13 for the year ended December 31, 2009 (€ 38 for the Company), (ix) an amount due of € 313 has been transferred from Cebo International B.V. to Halliburton Affiliates LLC in Note 22 for the year ended December 31, 2009 (no relevant transfer for the Company) and (x) a revenue of € 2.178 has been transferred from Cebo International B.V. to Halliburton Affiliates LLC in Note 22 for the year ended December 31, 2009 (no relevant transfer for the Company).

Moreover, due to the share capital increase described in Note 27 above, which included a “bonus element” that is the rights issue in favor of existing shareholders at a ratio of 1 new share per 4 existing shares, the weighted average number of shares (basic and diluted) outstanding for the comparative periods presented in the consolidated income statement was appropriately adjusted. As a result, the corresponding earnings per share were affected accordingly.

42. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

(in this note all amounts are expressed in Euro)

Subsequent to December 31, 2010 and until March 10, 2011, the Company purchased 1.800 treasury shares, at an average price of € 3,75 per share for a total amount of € 6.753,42. As a result, as of February 18, 2011 the Company holds 671.513 treasury shares at an average price of € 4,80 per share, for a total amount of € 3.222.608,53.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

(Amounts in thousand Euro, unless otherwise stated)

43. FOREIGN EXCHANGE RATES

The foreign exchange rates used for the translation to € of the subsidiaries' financial statements prepared in foreign currency are as follows:

	FINANCIAL POSITION		
	December 31	December 31	Δ%
	2010	2009	
1 € = USD	1,3362	1,4406	-7%
1 € = GBP	0,8608	0,8881	-3%
1 € = BGN	1,9558	1,9558	0%
1 € = HUF	277,95	270,42	3%
1 € = TRY	2,069	2,155	-4%
1 € = CNY	8,8220	9,8350	-10%
1 € = GEL	2,3440	2,4195	-3%
1 € = KRW	1.513,60	1.666,97	-9%
1 € = BRL	2,2280	2,5073	-11%
1 € = INR	59,821	66,422	-10%
1 € = MAD	11,1675	11,2746	-1%
1 € = PLN	3,9750	4,1045	-3%
	COMPREHENSIVE INCOME		
	Average rate	Average rate	Δ%
	2010	2009	
1 € = USD	1,3257	1,3948	-5%
1 € = GBP	0,8578	0,8909	-4%
1 € = BGN	1,9558	1,9558	0%
1 € = HUF	275,48	280,33	-2%
1 € = TRY	1,997	2,163	-8%
1 € = CNY	8,9712	9,5277	-6%
1 € = GEL	2,3638	2,3298	1%
1 € = KRW	1.532,94	1.772,90	-14%
1 € = BRL	2,3317	2,7667	-16%
1 € = INR	60,534	67,237	-10%
1 € = MAD	11,1265	11,2272	-1%
1 € = PLN	3,9947	4,3276	-8%

E. ADDITIONAL INFORMATION

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S&B Industrial Minerals S.A.

Andreas Mafaca 15 - 145 64 Kifisia

Company's No 110/96/99/11 in the register of Societas Anonimas

FINANCIAL DATA AND INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010

(In terms of article 135 of Law 2190, for companies publishing annual financial statements in accordance with IAS/IFRS)

(Amounts in Euro thousand unless otherwise stated)

The purpose of this financial data and information is to provide users with general financial information about the financial performance and results of operations of S&B Industrial Minerals S.A. We advise the reader that, before proceeding to any kind of analysis or interpretation of the financial data of S&B Industrial Minerals S.A., he should refer to the audited financial statements of S&B Industrial Minerals S.A. for the year ended December 31, 2010, which are available at the company's website, where the financial statements are published together with the auditor's review report, who issues it upon request.

COMPANY'S DATA

Supervising Authority: Ministry of Development, General Secretariat of Civil Service
Date of approval of financial statements: March 22, 2011
Certified Auditor/Accountant: Vasiliki Karabata
Auditor's firm: ERNST & YOUNG (Hellas) CERTIFIED AUDITORS
Type of audit report: Unqualified opinion
Company's website: www.sandb.com

Board of Directors:
Chairman: Dimitris Kyriacopoulos
Vice Chairman: Demetrios Moutakas
Chief Executive Officer: Dithiris Vasiliki
Non-Executive Members: Killy Kyriacopoulos (Chairman), Nikos Kyriacopoulos, Radekovic Oleg, Alain Spica, Moustakos, Sotiris Argon, Georgios Papadimitriou, Nikos Moutakas, Colypos Athanasios, Demetrios Papadimitriou, Alexandros Gerogiannis

CONDENSED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
ASSETS				
Property, plant & equipment	19,011.14	1,92,345	27,020.0	1,01,304.4
Investment properties	2,022.14	30,300	30,214.4	30,300.0
Intangible assets	6,051.85	1,04,705	35,323.5	35,354.4
Other non-current assets	172.96	15,075	1,40,236.0	1,20,237.0
Inventory	772.02	85,080	36,908.0	35,256.0
Trade receivables	5,174.43	47,539	7,800.0	6,754.4
Other non-current assets	1,911.46	10,707	10,949.0	17,403.0
Cash and cash equivalents	432.74	46,273	1,208.0	24,419.0
Available for sale financial assets	1.00	200	10.0	20.0
TOTAL ASSETS	32,547.71	314,900	136,960	338,739.0
EQUITY AND LIABILITIES				
Share capital	5,172.02	41,436	51,703.0	41,436.0
Share premium	4,323.26	40,329	40,329.0	40,329.0
Other equity components	14,822.26	1,26,577	39,624.0	1,14,225.0
Total equity attributable to owners of the Company (a)	24,317.54	2,08,342	1,31,656.0	1,96,030.0
Non-current liabilities (b)	5.01	1,000	-	-
Total equity (c) = (a) - (b)	24,312.53	2,07,342	1,31,656.0	1,96,030.0
Loans from bank borrowing and borrowings	11,632.26	1,54,700	74,329.0	1,02,293.0
Provision for other non-current liabilities	5,172.02	40,329	30,463.0	31,496.0
Current liabilities	3,527.75	10,707	27,020.0	7,203.0
Other non-current liabilities	712.20	30,027	20,261.0	21,149.0
Total liabilities (d)	20,674.13	276,627	1,05,004.0	1,02,709.0
TOTAL EQUITY AND LIABILITIES (c) + (d)	32,547.71	314,900	136,960	338,739.0

CONDENSED STATEMENT OF CHANGES IN EQUITY

	GROUP		COMPANY	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
Equity at beginning of the year (31/12/2009 and 31/12/2008 respectively)	20,182.07	1,96,776	1,96,040	1,96,642.0
Total comprehensive income (loss) for the year	17,596	3,203	-4,676	3,249.0
Dividend distribution	-5,054	-4,960	-4,071.4	-4,362.0
Share capital increase net of with-held taxes	-	40,940	-	40,943.0
Share issue net of costs net of premium	3.02	259	30.2	35.0
Purchase of treasury shares	-13,520	-201	-1,200.0	-211.0
Increase of investment in subsidiaries	-212	-51	-	-
Share based payment	7.00	254	70.0	214.0
Income tax relating to the distribution of dividends as assessed from tax-empted income	-20	-1,200	-23	-1,203.0
Equity at year end (31/12/2010 and 31/12/2009 respectively)	24,317.54	2,07,342	1,31,656	1,96,030.0

ADDITIONAL DATA AND INFORMATION

- Company included in the consolidated financial statements together with country of domicile from the participation in the consolidated financial statements for the fiscal year 2010 as presented in notes 3, 21 and 22 of the annual financial report.
- The fiscal year that is consolidated by the consolidated financial statements of the Company's subsidiaries as presented in notes 12 and 13 of the annual financial report.
- Number of employees at the end of the reporting period: Group: 1,960 (31.12.2010) 2,027 and 614 for the Company (31.12.2010) 623.
- Certain amounts of provisions for the fiscal year have not been recognized for better presentation and comparability purposes (note 41 of the annual financial report).
- Related party transactions for the fiscal year 2010 and balances with related parties as of December 31, 2010 according to I.A.S. 24 are as follows:

	Group	Company
a) Revenue	9,570	25,149
b) Expenses	5,027	1,462
c) Receivables from related parties	1,354	3,943
d) Payables to related parties	2,017	2,219
e) Key management personnel compensation	25.47	5,361
f) Receivables from key management personnel	6	6
g) Payables to key management personnel	2,027	1,207
- Other comprehensive income (expense) for the period 1-1-12-30-10 is as follows:

	Group	Company
Translation of foreign operations:		
- Subsidiaries	4,910	0
- Associates	236	0
Value of a available-for-sale financial assets	-150	-15.0
Value of revalued loans	-374	-374
In come relating to the revaluation of available-for-sale financial assets	35	35
In come relating to the revaluation of derivatives	61	61
- Provisions of the Group and the Company as of 31.12.2010 are as follows:

	Group	Company
a) Provision for litigation and arbitration	4.50	4.50
b) Provision for tax audit to years	6.80	30.0
c) Other provisions	21.03	93.6
- No loan exist on the Company's and the Group's assets.
- With in the normal course of business of the Company and the Group, court decisions on pending lawsuits, applied to the and applicable in all aspects of the business, which will not affect the Company's and the Group's financial position for the 31 of the annual financial report.
- The principal accounting policies of 2010 are presented in note 22 of the annual financial report and are consistent with those of the year ended December 31, 2009 except for the reference to note 3 of the annual financial report.
- In the note all amounts are expressed in Euro, unless otherwise stated:
 - On June 17, 2010 the Shareholder's General Assembly approved: a) The dividend distribution of €0.10 per share, which was paid to the Company's shareholders on July 6, 2010 and b) The bonus capital increase by €1,020,000,000 through the capitalization of the share premium, 1,020,000,000 € and c) The bonus capital increase by the issuance of 10,200,000 common registered shares, of a nominal value of €1,00 each, and the bonus capital increase to the Company shareholders, in proportion of 1 (€) new common registered share for every 10 (€) existing shares. The share capital increase was effected following the approval by the competent authorities on August 9, 2010 (note 27 of the annual financial report).
 - The reported net loss for the Company does not require statutory minimum dividend declaration and payment for 2010. As a result, the Company's Board of Directors will not propose a dividend distribution to the Shareholders' AGM for 2010 but will recommend a resolution for the distribution of capital to the shareholders (note 30 of the annual financial report).
 - With in 2010, the Company purchased 302,433 treasury shares, at an average price of €3.71 per share, for an aggregate amount of €1,124,966.63. It is noted that all purchased shares prior to the share capital increase, effected on August 9, 2010 have been a quote of the share because a limit of one (1) new bonus share in every ten (10) existing shares. On August 11, 2010, the Company then offered 76,071 treasury shares to related Company's employees. In the course of the performance appraisal program. As a result, on December 31, 2010 the Company's share total of 606,713 treasury shares at a new average price of €4.00 per share, for a total amount of €2,426,932.11 (note 27 of the annual financial report).

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
Sales	405,134	325,325	103,230.0	1,133,200.0
Cost of sale	93,379	73,610	23,008.0	26,610.0
Profit (loss) before income tax, financial and investment results	311,755	251,715	80,222.0	1,066,590.0
Profit (loss) before tax	311,755	251,715	80,222.0	1,066,590.0
Net profit (loss) (A)	311,755	251,715	80,222.0	1,066,590.0
Income tax				
- By city holders of the Company	13.13	2,062	-647.0	3,238
- Non-current liability interest	-120	-120	-	-
Other non-current liability interest (loss) for the period (B)	4,729	600	-80.0	2.00
Total non-current liability interest (loss) (C)	4,609	480	-80.0	2.00
Income tax (D) = (B) + (C)	4,609	480	-80.0	2.00
Profit (loss) after income tax, financial and investment results, depreciation and amortization	267,146	251,235	79,342.0	1,064,588.0
Income tax expense	17,596	3,203	-4,676.0	3,249.0
Non-current liability interest	-120	-120	-	-
Net profit (loss) (E) per share - basic (F) (G)	0.50	0.47	0.47	0.47
Profit and dividend per issued share (H) (I)	-	6.17	-	6.17
Profit (loss) after income tax, financial and investment results, depreciation and amortization	284,742	254,438	74,666.0	1,067,837.0

CASH FLOW STATEMENT

	GROUP		COMPANY	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
Cash flows from operating activities				
Profit (loss) before tax	311,755	251,715	-647.0	7,940.0
Adjustments to:				
- Depreciation and amortization	31,396	24,476	18,025.0	12,375.0
- Goodwill amortization	-184	-184	-146.0	-147.0
- Provisions, net	5,026	3,308	3,028.0	-302.0
- Finance income	-407	-1,343	-429.0	-1,185.0
- Finance costs	7,254	9,272	5,863.0	6,025.0
- Investment in share (part of foreign loans)	-	-	90.0	-296.0
- Change of profit of consolidated	-184	-281	-	-
- Gain from disposal of financial assets	-	-708	-	-696.0
- Impairment loss	-	3,198	-	-
- Gain from disposal of property, plant and equipment	-24	-102	-4	-20.0
	63,619	42,546	21,077.0	23,024.0
(Increase) / Decrease in:				
- Inventory	-10,411	20,701	-1,027.0	2,459.0
- Trade receivables	-4,476	4,703	-1,252.0	2,025.0
- Due from related parties	-82	2,020	6,408.0	13,434.0
- Other assets	-4,071	2,046	-6,309.0	2,291.0
Increase / (Decrease) in:				
- Trade payables	16,261	16,822	3,078.0	3,914.0
- Due to related parties	123	707	548.0	701.0
- Other liabilities	2,422	-424	1,277.0	-388.0
Self-financing (other than paid)	-2,910	-2,703	-1,284.0	-2,070.0
Payments for investment rehabilitation	-702	-1,025	-403.0	-919.0
Income tax paid	-6,021	-2,745	-3,422.0	-2,222.0
Net cash flows from operating activities (A)	63,619	67,029	12,682.0	64,714.0
Cash flows from financing activities				
- Capital expenditure	-25,274	-31,198	-17,773.0	-17,684.0
- Capitalized depreciation and amortization	303	220	383.0	220.0
- Business combinations and investments in consolidated entities	-1,136	-1,120	-7,500.0	-300.0
- Proceeds from sale of associate	220	220	220.0	220.0
- Dividends received	30	461	124.0	420.0
- Interest and other finance income received	467	317	617.0	92.0
- Proceeds from sale of derivatives	30	175	8.0	175.0
- Purchase of available-for-sale financial assets	-108	-	-10.0	-
- Government grants received	342	64	-	-
- Proceeds from disposal of property, plant and equipment	27	484	1.1	27.0
Net cash flows from financing activities (B)	-24,481	-29,867	-14,632.0	-16,127.0
Cash flows from investing activities				
- Share capital increase, net of transaction costs	-	40,940	-	40,940.0
- Purchase of treasury shares	-1,200	-421	-1,200.0	-421.0
- Net decrease of other than bank borrowings	-948	-40,107	-	-36,014.0
- Proceeds from long-term loans	-	20,000	-	42,000.0
- Repayment of long-term borrowings	-15,000	-23,000	-7,500.0	-36,000.0
- Dividends paid to the equity holders of the Company and self-financing	-4,477	-4,211	-4,477.0	-4,211.0
- Dividends paid to non-current liability holders	-12	-24	-	-
- Payments for the sale of the business	-1,500	-	-1,500.0	-
- Interest and other finance costs paid	-6,544	-6,212	-3,654.0	-4,206.0
Net cash flows from investing activities (C)	-24,481	-29,867	-14,632.0	-16,127.0
Net cash flows from operating activities (A) + (B) + (C) = (D)	14,657	7,162	8,050.0	48,587.0
Cash and cash equivalents at the beginning of the year	46,273	13,244	2,077.0	6,716.0
Net foreign exchange difference on cash and cash equivalents at the beginning of the year	840	-100	-	-
Cash and cash equivalents at year end	47,113	13,144	2,077.0	6,716.0

- On January 26, 2010 the Group signed an agreement for the establishment of a 20 year joint venture with the Angang Industry Group Co. Ltd., in the northern part of China (Laoning Province). The agreement has been signed between S&B and Samil Co. Ltd. an existing jointly controlled entity of S&B in Korea, and the Angang Industry Group Co. Ltd., an affiliate of Angang Steel Co. Ltd. (Angang). The total investment amounts to USD 2 million. S&B's proportionate participation in the investment is USD 1.5 million out of which USD 1,05 million (€ 650 million) was paid on December 31, 2010 (note 20 of the annual financial report).
- On June 24, 2010, the Group signed an agreement with Adreus Intellectual Property Inc. ("Adreus") and its parent company Adreus America Inc., an affiliate of Techsingle Inc.) to form Adreus & S&B GmbH, based in Germany. The total investment amount is € 3,000,000 and S&B Industrial Minerals GmbH (a Germany based affiliate of the S&B Group of companies) will participate in the new associate with a share of 45% (note 20 of the annual financial report).
- On October 4, 2010, the Group established Program Mine of Mining Industry and Trade SA, a new joint venture based in Turkey, between S&B Holding GmbH (a Germany based affiliate of the S&B Group of companies) and its associate, Sultanlar Iron and Steel, significant Turkish producer in Turkey. The total investment amounts to € 2.7 million, and the Group will participate in the new joint venture with an investment of € 1.25 million on a total of 50% (note 21 of the annual financial report).

March 22, 2011

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER	THE CONTROLLER GENERAL
ULYSSES P. KYRIACHOPOULOS	DITHIRIS VASILIKI	KRISTINA ST. ANAYLAVAS	NIKOLAOS DELIAGANIS
ID No. AN 042906	ID No. I 237590	ID No. I 040232	AΥΛΑΣΣ ΛΟΓΙΣΜΟΙ 0010714

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**F. DISCLOSURES UNDER
ARTICLE 10 L.3401/2005**

The following reference table presents the announcements that the Company published or made available to the public during 2010 regarding Company's shares, the Company or the organized Stock exchange in which Company's shares are traded.

NO	DESCRIPTION	WEB ADDRESS LINK	WEB ADDRESS DESCRIPTION
1.	S&B Industrial Minerals SA & Group FY 2010 Financial Results	http://www.sandb.com/en/economy/etisies/cony2010.pdf	HOME->FINANCIAL STATEMENTS-> ANNUAL-> S&B & CONSOLIDATED->2010
2.	S&B Financial Report as of 31.12.2010 in accordance with IFRS	http://www.sandb.com/en/economy/etisies/SandB_y_2010.pdf	HOME->FINANCIAL STATEMENTS-> ANNUAL-> S&B & CONSOLIDATED->2010
3.	S&B Industrial Minerals SA & S&B Group 9M2010 Financial Results	http://www.sandb.com/en/economy/trim/9M2010_FR_EN.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
4.	S&B Financial Report as of 30.09.10 in accordance with IFRS	http://www.sandb.com/en/economy/trim/IFRS_09_2010_EN.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
5.	S&B Industrial Minerals SA & S&B Group 1H2010 Financial Results	http://www.sandb.com/en/economy/trim/FR_q2_10_en.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
6.	S&B Financial Report as of 30.06.10 in accordance with IFRS	http://www.sandb.com/en/economy/trim/IFRS_Notes_q2_10_en.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
7.	S&B Industrial Minerals SA & S&B Group 3M2010 Financial Results	http://www.sandb.com/en/economy/trim/FR_q1_10_en.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
8.	S&B Financial Results as of 31.03.10 in accordance with IFRS	http://www.sandb.com/en/economy/trim/IFRS_Notes_q1_10_en.pdf	HOME->FINANCIAL STATEMENTS-> QUARTERLY-> S&B & CONSOLIDATED->2010
9.	Announcement of S&B insiders transactions for the year 2010	http://www.sandb.com/en/main_in.html?title_anakino_sisXA.gif?enimepen_ypo10.html	HOME->INVESTOR RELATIONS-> ANNOUNCEMENTS-> INSIDERS TRANSACTION->2010
10.	S&B'S announcements at the Athens Exchange for the year 2010	http://www.sandb.com/en/main_in.html?title_anakino_sisXA.gif?enimepen_xaa10.html	HOME->INVESTOR RELATIONS-> ANNOUNCEMENTS-> ANNOUNCEMENTS TO ATHEX->2010
11.	S&B'S Press Releases during the year 2010	http://www.sandb.com/en/main_in.html?title_delta_tipou.gif?enim_delta_tipou_2010.html	HOME->PRESS & COMMUNICATION-> PRESS RELEASES-> 2010
12.	Annual General Meeting 2010 - All relevant announcements and information	http://www.sandb.com/en/main_in.html?title_gs.gif?gs.html	HOME->ANNUAL GENERAL MEETING OF SHAREHOLDERS (Banner)

**G. STATEMENT OF APPROPRIATION
OF RIGHTS ISSUE PROCEEDS**

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S&B Industrial Minerals S.A.
Company's No 110/06/B/86/11 in the register of Societes Anonymes
Andrea Metaxa 15 - 145 64 Kifissia

USE OF FUNDS RAISED FROM SHARE CAPITAL INCREASE BY PAYMENT IN CASH WITH PREFERENCE RIGHT TO EXISTING SHAREHOLDERS, IN ACCORDANCE WITH THE DECISION OF THE GENERAL MEETING OF SHAREHOLDERS HELD ON 16.06.2009 AND WITH THE DECISION OF THE BOARD OF DIRECTORS HELD ON 05.08.2009.

The Athens Exchange (ATHEX), by its decision dated 23.09.2009, approved the share capital increase of the Company through the rights offering of 10.356.440 new ordinary registered shares by payment in cash. The total funds raised amounted to € 41.425.760,00. The Company's Board of Directors certified the share capital increase at its meeting dated 22.09.2009 and the new shares commenced trading on the ATHEX on 25.09.2009.

TABLE OF USE OF RIGHTS ISSUE PROCEEDS

Use of raised funds (amounts in €)	Total funds raised	Total funds used	Balance as of 31.12.2010
		31.12.2010	
1. Repayment of outstanding loans	38.000.000,00	38.000.000,00	0,00
2. Working capital needs	2.846.221,57	2.846.221,57	0,00
3. Rights issue costs	579.538,43	579.538,43	0,00
Total	41.425.760,00	41.425.760,00	0,00

Note:

The funds raised from the above mentioned share capital increase of the Company were exclusively used for the purposes of the share capital increase as stated in the Offering Circular (par. 4.4) approved by the Hellenic Capital Market Commission on 24.08.2009.

Kifissia, March 22, 2011

**The Chairman of the Board of
Directors**

Ulysses P. Kyriacopoulos
ID No AH042868

The Chief Executive Officer

Efthimios O. Vidalis
ID No Σ237368

The Chief Financial Officer

Kriton St. Anavlavis
ID No Π062025

The Controller Greece

Nikolaos Ch. Ioakim
A' Class License No 0002714

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**Report of factual findings from agreed-upon procedures performed
on the report of use of funds raised from share capital increase**

To the Board of Directors of S&B Industrial Minerals S.A.

In accordance with the decision made by the Board of Directors of S&B Industrial Minerals S.A (the Company), we have performed the procedures agreed with you and enumerated below in compliance with the regulatory framework set by the Athens Exchange and the Hellenic Capital Markets Commission, related to the report on the use of funds raised from share capital increase in cash dated September 23, 2009 (“the Report”). The Company’s management has the responsibility for the preparation of the above mentioned Report. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400 - “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” applicable to agreed-upon procedures regarding financial information. Our responsibility is to perform the agreed-upon procedures enumerated below, and disclose our findings to you.

Procedures:

1. We compared the amounts presented as uses of funds in the Report, with the respective amounts that were recorded in the Company’s books and records during the relevant period.
2. We examined the completeness of the Report and the consistency of its content with the Offering Circular issued by the Company and with the relevant decisions and releases of Company’s Management.

Findings:

1. The amounts presented as uses of funds in the Report, derive from the Company’s books and records for the relevant period.
2. The content of the Report includes at a minimum the information provided by the Athens Exchange and the Hellenic Capital Markets Commission and is consistent with the content of the Offering Circular and the relevant decisions and releases of Company’s Management.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any other assurance except for as mentioned above. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

This report is exclusively addressed to the Company's Board of Directors in compliance with the rules set by the Athens Exchange and the Greek Capital Markets Commission. Consequently, this report is not to be used for any other purpose as it relates only to the issues specified above and does not extend to the financial statements of the Company as at and for the year ended December 31, 2010 for which we have issued an Audit Report dated March 22, 2011.

Athens, March 22, 2011

The Certified Auditor Accountant

VASSILIOS KAMINARIS

SOEL No 20411

ERNST & YOUNG (HELLAS)

CERTIFIED AUDITORS ACCOUNTANTS S.A

11th KM NATIONAL ROAD ATHENS-LAMIA

144 51 METAMORFOSI

SOEL No 107