



S&B Industrial Minerals S.A.

Financial Statements

**for the year ended
December 31, 2007**

**in accordance with
International Financial
Reporting
Standards,
as they have been endorsed by the
European Union**

We confirm that the accompanying separate Financial Statements have been approved by the Board of Directors of S&B Industrial Minerals S.A. on March 13, 2008 and have been published on the website in the following address: www.sandb.com. It is noted that the purpose of the published condensed financial data to the Press is to provide the users with certain general financial data, however, they do not provide a full view of the Company's financial position and results of their operations, in accordance with International Financial Reporting Standards (IFRS), as they have been endorsed by the European Union. It is also noted that certain amounts have been condensed in the published financial data to the Press, for simplicity reasons.

**The Chairman of the board of
directors**

The Chief Executive Officer

**The Chief Financial
Officer**

**The Controller
Greece**

Ulysses P. Kyriacopoulos

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S&B Industrial Minerals S.A.

FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS THEY HAVE BEEN ENDORSED BY THE EUROPEAN UNION

DECEMBER 31, 2007

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FREE TRANSLATION FROM THE GREEK ORIGINAL

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of S&B Industrial Minerals S.A. "the Company" which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on International Standards of 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 aforementioned financial statements present fairly, in all material respects, the financial position of S&B Industrial Minerals S.A. as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been endorsed by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes the information required by article 43a par. 3 of C.L.2190/1920, as well as article 11a of L.3371/2005 and is consistent with the aforementioned financial statements.

Athens, March 13, 2008

The Certified Auditor Accountant

John G. Mystakidis
SOEL No. 16511

Ernst & Young (Hellas) S.A.
Certified Auditors Accountants
(SOEL No. 107)
11th Klm Nt Rd Athens Lamia
144 51 Metamorfofi

 **ERNST & YOUNG**

S&B Industrial Minerals S.A.

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007 (Amounts in thousand Euro)

	<u>Note</u>	<u>1.1 - 31.12.2007</u>	<u>1.1 - 31.12.2006</u>
Sales	3	153.037	139.552
Cost of sales	4	<u>(113.144)</u>	<u>(100.471)</u>
Gross profit		39.893	39.081
Administrative expenses	5	(32.182)	(25.536)
Selling expenses	6	(4.235)	(2.969)
Other income / (expense)	7	<u>3.001</u>	<u>4.314</u>
Profit before income tax, financial and investment results		6.477	14.890
Financial income	8	1.973	155
Financial expense	9	(5.745)	(4.806)
Income from investments	16, 17	15.455	2.097
Income from sale of investment in subsidiary	16	<u>-</u>	<u>328</u>
Profit before income tax		18.160	12.664
Income tax	10	(4.954)	(2.108)
Net profit		<u>13.206</u>	<u>10.556</u>

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
BALANCE SHEET
DECEMBER 31, 2007
(Amounts in thousand Euro)

	Note	December 31 2007	December 31 2006
ASSETS			
Non current assets			
Tangible assets	13	87.000	81.595
Investment property	14	23.331	23.744
Goodwill		25.129	25.129
Intangible assets	15	224	653
Investments in subsidiaries	16	123.341	99.121
Investments in associates	17	3.773	3.773
Deferred income tax assets	10	2.478	2.615
Other non current assets	19	652	709
Total non current assets		265.928	237.339
Current assets			
Inventories	20	24.034	26.743
Trade accounts receivable	21	16.542	11.592
Due from related parties	18	17.657	11.944
Income tax receivable		300	330
Other current assets	22	9.318	10.955
Cash and cash equivalents	23	1.130	8.279
Total current assets		68.981	69.843
Investments held for sale	16	2.016	-
Total Assets		336.925	307.182
EQUITY AND LIABILITIES			
Equity			
Share capital	24	30.877	30.651
Share premium	24, 25	30.057	28.352
Share option plan reserve to personnel	25	915	396
Derivative financial instruments valuation reserve	31	-	80
Other reserves	26	90.228	85.072
Retained earnings		16.587	17.757
Total equity		168.664	162.308
Non current liabilities			
Provision for staff leaving indemnities	28	7.142	6.452
Provision for environment rehabilitation	29	12.267	10.948
Other provisions		1.178	609
Interest-bearing loans and borrowings	30	105.237	74.663
Grants		2.064	2.212
Other non current liabilities		58	56
Total non current liabilities		127.946	94.940
Current liabilities			
Trade accounts payable	32	9.811	7.944
Sort-term borrowings	33	13.003	-
Current portion of long term loans and borrowings	30	7.500	33.175
Dividends payable	27	60	53
Other current liabilities	34	9.941	8.762
Total current liabilities		40.315	49.934
Total equity and liabilities		336.925	307.182

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

(Amounts in thousand Euro)

	Note	Share capital	Share premium	Share option plan reserve to personnel	Derivative financial instruments valuation reserve	Other reserves	Retained earnings	Total equity
January 1, 2006		30.382	26.445	509	(268)	80.120	20.357	157.545
- Profit for the year 2006		-	-	-	-	-	10.556	10.556
- Derivative valuation (net of deferred tax liability of Euro 152)	31	-	-	-	348	-	-	348
Total profit / (loss) for the year		-	-	-	348	-	10.556	10.904
- Dividends payment	26, 27	-	-	-	-	(1.417)	(6.786)	(8.203)
- Free distribution of shares to personnel	24	72	564	-	-	-	-	636
- Increase/(decrease) in share capital	24, 25	197	1.343	(374)	-	-	-	1.166
- Share option plan	25	-	-	261	-	-	-	261
- Transfer to reserves	26	-	-	-	-	6.369	(6.369)	-
- Other movements		-	-	-	-	-	(1)	(1)
December 31, 2006		30.651	28.352	396	80	85.072	17.757	162.308
- Profit for the year 2007		-	-	-	-	-	13.206	13.206
- Derivative valuation (net of deferred tax asset of Euro 27)	31	-	-	-	(80)	-	-	(80)
Total profit / (loss) for the year		-	-	-	(80)	-	13.206	13.126
- Dividends payment	26, 27	-	-	-	-	(3.094)	(6.126)	(9.220)
- Free distribution of shares to personnel	24	60	566	-	-	-	-	626
- Increase in share capital	24, 25	166	1.139	(275)	-	-	-	1.030
- Share option plan	25	-	-	794	-	-	-	794
- Transfer to reserves	26	-	-	-	-	8.250	(8.250)	-
December 31, 2007		30.877	30.057	915	-	90.228	16.587	168.664

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007
(Amounts in thousand Euro)

	<u>Note</u>	<u>1.1 - 31.12.2007</u>	<u>1.1 - 31.12.2006</u>
Cash flows from operating activities			
Profit before income tax		18.160	12.664
Adjustments for:			
- Depreciation and amortization	11	14.573	14.513
- Depreciation and amortization included in prior year's ending inventories	11	788	697
- Grants' amortization		(147)	(147)
- Provisions for environment rehabilitation	7, 29	1.448	684
- Other provisions		4.265	1.975
- Financial income	8	(1.973)	(155)
- Financial expense	9	5.745	4.806
- Dividend income	16, 17	(15.455)	(2.097)
- Taxes on dividends from foreign operations		2.037	-
- Profit from decrease of investment in subsidiary	16	-	(328)
- Gains from disposal of property, plant and equipment	7	(32)	(146)
		29.409	32.466
(Increase) / Decrease of:			
- Non current assets		57	203
- Inventories	20	1.221	(40)
- Trade accounts receivable	21	(5.097)	5.320
- Due from related parties	18	(213)	(2.624)
- Other current assets	22	2.708	(303)
Increase / (Decrease) of:			
- Other non current liabilities		2	(1)
- Trade accounts payable	32	1.867	(1.486)
- Other current liabilities	34	2.113	(1.259)
Staff leaving indemnities paid	28	(567)	(455)
Payments for environment rehabilitation	29	(1.121)	(1.007)
Income tax paid		(1.675)	(1.862)
Net cash from operating activities		28.704	28.952
Cash flows from investing activities			
- Capital expenditure for property, plant and equipment	13,14,15	(18.761)	(14.235)
- Capitalized depreciation	11	415	513
- Investments in subsidiaries	16	(26.236)	(127)
- Income from dividends received	16	4.456	2.097
- Interest and financial income received	8	102	155
- Income from decrease of investment in subsidiary	16	-	379
- Income from disposal of property, plant and equipment		234	318
- Receipt from subsidiary's share capital decrease		-	33
Net cash flows from investing activities		(39.790)	(10.867)
Cash flows from financing activities			
- Share option plans exercised	25	1.030	1.166
- Net increase of short-term borrowing	33	13.003	-
- Increase of long-term borrowing	30	38.000	-
- Decrease of long-term borrowing	30	(33.175)	(19.905)
- Dividends paid		(9.188)	(8.199)
- Interest paid		(5.733)	(4.813)
Net cash flows from financing activities		3.937	(31.751)
Net decrease in cash and cash equivalents		(7.149)	(13.666)
Cash and cash equivalents at beginning of year		8.279	21.945
Cash and cash equivalents at year end	23	1.130	8.279

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS
AS THEY HAVE BEEN ENDORSED BY THE EUROPEAN UNION

(Amounts in thousand Euro, unless otherwise stated)

1. THE COMPANY AND ITS OPERATIONS

S&B Industrial Minerals S.A. (the “Company” or “S&B”) is a Greek corporation mainly engaged in the extraction, processing, distribution and supply of industrial minerals and the management and development of real estate.

The Company was incorporated in Greece in 1934 and, as of 1994 its shares are listed on the Athens Exchange. The S&B headquarters are located in Kifissia, Attica, 15 A.Metaxa street. In 1978, and after decision of the Shareholders Ordinary General Assembly, its duration was extended for a period of 50 years up to 2034.

In 2007 the Company established a branch in Sardenia, Italy.

As at December 31, 2007 and 2006 the Company employed 743 and 699 employees, respectively.

2. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

(a) Basis of Preparation of the Financial Statements: The accompanying financial statements that constitute the Company’s financial statements (hereinafter referred to as “the financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as they have been endorsed by the European Union. The accompanying financial statements are in accordance with the provisions of Corporate Law 2190/1920. There are no standards applied in advance of their effective date. The financial statements have been prepared under the historical cost convention, except for financial instruments which are measured at fair value.

(b) Approval of Financial Statements: The Board of Directors of S&B approved the accompanying financial statements for the year ended December 31, 2007, on March 13, 2008. It is noted that the accompanying financial statements are pending to the approval of the Company’s Shareholders’ General Assembly Meeting.

2.2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Functional and Presentation Currency and Foreign Currency Translation: The functional and presentation currency of S&B is the Euro. Transactions involving other currencies are converted to Euro using the exchange rates which are in effect at the time of the transactions. Assets and liabilities in foreign currency are adjusted to reflect the exchange rates as at the balance sheet 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 reported in the income statement, except of transactions that comply with cash flow hedging requirements that are reported in equity.

(b) Other Intangible Assets: Other intangible assets include mining rights, licenses, concessions and software. Mining rights, licenses and concession include their acquisition cost as well as expenses relating to the extension or retention of the rights, less any accumulated amortization and impairment losses. Software represents acquisition cost, and any cost realized under its development fase in order to operate, reduced by the amount of accumulated amortization and

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(Amounts in thousand Euro, unless otherwise stated)

2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

any possible impairment. Significant expenditures are capitalized when the software's performance is further enhanced beyond its initial specification. Mining rights, licenses and concessions are amortized based on the straight line method within their period of expiry (mainly 10 to 15 years). Software is amortized based on the straight line method over their estimated useful life which is set to four (4) years. Amortization of intangible assets is included in the income statement.

(c) **Ores - Mines:** Ores - Mines include the following:

- (i) **Mining Land:** It refers to the expenditure incurred throughout the life of mines for their operation, mainly related to the stripping 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.
- (ii) **Mine Development Expenditure:** It refers to the expenditure incurred throughout the life of mines for their operation, mainly related to the stripping 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:** It refers to the present value of the expenditure required to rehabilitate the mining land disturbed as a result of the mining activity performed up to the balance sheet date both as stipulated in the prevailing environmental legislation and voluntarily undertaken by the Company. 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 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 expenses is included in the cost of extraction.
- (iv) **Mineral Resources Exploration and Evaluation Expenditure:** 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, if any, and are classified as tangible assets under mines. 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 Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of these

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(Amounts in thousand Euro, unless otherwise stated)

2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

assets may exceed their recoverable amounts. To the extent that this occurs, any excess is provided against, in the financial period in which this is determined. The management of the Company believes that the level of the proven and licensed commercially exploitable reserves are adequate for sustaining its current level of operations for a significant period of time.

(d) Other tangible assets: Other tangible assets (land, buildings, machinery and technical works, transportation means and furniture and 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 improvements are capitalized to the cost of the asset to which they relate when they appreciably extend the life, increase the earning capacity or improve the efficiency of property, plant and equipment. 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 sale, abandonment or destruction), is included in the statement of income in 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.

The useful lives used are as follows:

<u>Class</u>	<u>Years</u>
Buildings	20 - 40
Building improvements	3 - 15
Heavy machinery	20 - 40
Other machinery and equipment	5 - 20
Heavy transportation equipment	15 - 33
Other transportation means	5 - 15
Furniture and fixtures	3 - 14

(e) Investment property: Investment property are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are charged to expenses as incurred. Subsequent expenditures are capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency of property, plant and equipment. An item of investment property is derecognized upon disposal. Any gain or loss arising on de-recognition of the asset, is included in the statement of income in 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.

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(Amounts in thousand Euro, unless otherwise stated)

2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

- (f) **Goodwill:** 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 on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. Information about the impairment tests and the related disclosures required by IAS 36 are provided in the notes to the consolidated financial statements, which are made publicly available together with these statements.
- (g) **Investments in Subsidiaries:** Investments in subsidiaries are measured at cost less any accumulated impairment losses.
- (h) **Investments in Associates:** The Company's investments in associates are measured at cost less any accumulated impairment losses.
- (i) **Impairment of Assets:**
- (i) **Non financial assets:** The Company at each balance sheet date examines whether there are indications of impairment for the non financial assets. With the exception of goodwill and the intangibles assets with an indefinite life which are tested for impairment 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.

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(Amounts in thousand Euro, unless otherwise stated)

2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

- (ii) Financial assets:** At each reporting date the Company 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 stated at cost (investments in subsidiaries and associates in the balance sheet), assets measured at amortized cost (non current receivables). The recoverable amount of investments in subsidiaries and associates is determined similarly with the 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 to the income statement.
- (j) Inventories:** Inventories include merchandise, finished and semi-finished products, raw and secondary materials, materials, packaging materials and spare parts. Inventories are valued at the lower of cost or 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 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 slow moving or obsolete inventories is made when necessary.
- (k) Accounts Receivable:** Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the effective interest rate method. The Company 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. When necessary the Company requires guarantees from its customers. At each balance sheet date all potentially uncollectible or doubtful accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Company's policy not to write-off an account until all possible legal action has been exhausted.
- (l) 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 investments.

Financial assets are recognized initially at cost, which represents their fair value (plus in certain cases, directly attributable transaction costs). The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

- (i) **Financial assets at fair value through profit and loss:** Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses from the valuation of such assets are recognized in income.
- (ii) **Loans and receivables:** Loans and receivables which are generated from the Company's operations (and are beyond the Company'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:** Primary financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined (or not defined period) are not included in this classification. Held-to-maturity investments are carried at amortized cost using the effective interest method. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.
- (iv) **Available-for-sale investments:** 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 recognition available-for-sale financial assets are measured at fair value with gains or losses being recognized as a separate component of equity. On disposal, impairment or derecognition of the investment, the cumulative gain or loss is transferred to the income statement.

The fair value of these investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments 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 analysis and option pricing models.

(m) De-recognition 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 Company 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; or
 - the Company 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.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

- Where the Company 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 Company'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 Company 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 Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Company'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.

(n) Derivative Financial Instruments and Hedging Instruments: The Company uses derivative financial instruments such as forward currency contracts, interest rate swaps and cross currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are measured at fair value at the balance sheet date. The fair value of such derivatives is determined by reference to market values for similar instruments 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 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 the foreign currency risk in a firm commitment.
- Hedges of a net investment in a foreign operation.

The effective part of hedges that qualify for hedge accounting is recognized directly to equity 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.

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 equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

For all other cash flow hedges, the gains or losses that are recognized in equity 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 Company policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statements of income.

- (o) Cash and Cash Equivalents:** The Company considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.
- (p) Share Capital:** Share capital represents the 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 the "share premium" in 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.
- (q) Bank and Bond Loans:** Bank and bond loans are initially recognized at cost which reflects their fair value reduced by the loan arrangement expenses. After initial recognition, loans are valued at the unamortized cost based on the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.
- (r) Borrowing costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (s) Provisions and Contingent Assets-Liabilities:** Provisions are recognized when the Company 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 balance sheet 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 (when 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 specific 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.
- (t) Provision for Environment Rehabilitation:** The Company recognizes a provision for rehabilitation of land disturbed 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 Company practices. The provision for environment rehabilitation reflects the present value of the expected restoration costs, using estimated cash flows (based on the Company's weighted average cost of capital) as of the balance sheet date and is calculated based on the area of the land disturbed at the balance sheet 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 balance sheet date and is appropriately adjusted to reflect the present value of the expenses required to fulfill the obligation.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

(u) 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 period are included in payroll cost in the statement of income 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.

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 prior period cost is recognized in the current year income statement.

Actuarial differences 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 period 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.

(v) Income Taxes (Current and Deferred):

(i) Current Income Taxes: 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.

(ii) Deferred Income Taxes: Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences. Except where the deferred income tax liability arises from 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.

Deferred tax assets are recognized for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is possible that taxable profit will be available against the deductible temporary differences and the carried 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

The deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilized.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

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

(w) 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 statement of income on the straight line basis over the lease term.

(x) Government Grants: Government grants which primarily relate to the subsidization of property, plant and equipment 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, the fair value is credited to a deferred income account and is released to the statement of income over the expected useful life of the relevant asset by equal annual installments, against corresponding amortization expense. When the grant relates to an expense item, it is recognized against these expenses over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(y) Treasury Shares: Treasury shares reflect shares of the Company which are acquired and held by S&B. Treasury shares are stated at cost, as a negative item in shareholders' equity. Any result upon acquisition, sale or cancellation is transferred directly to equity.

(aa) Earnings per share: Basic and diluted earnings per share are not disclosed in the standalone financial statements but they are calculated and disclosed in the consolidated financial statements of the S&B Group.

(ab) Revenue Recognition: Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the sale of merchandise and finished products net of trade discounts and sales incentives, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured. Revenue from rendering of services is recognized based on the stage of completion of the service rendered and to the extent that the related receivable will be collected. 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.

(ac) Share Based Payments to Board of Directors members and Executives: The Company has established stock option plans for certain executive officers whose part of their remuneration is settled through stock or stock options. In addition, certain executives are entitled share appreciation rights which can only be settled in cash. The cost of the respective transactions is measured at the fair value of the stock or stock options as of the date of the approval of the plans by the management. The fair value is measured through the application of the appropriate valuation model.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

(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 model. The expense of the stock option plans is recognized in the income statement, by crediting a relevant reserve in equity, during the period the requirements are gradually fulfilled and which ends at the date the executives participating in the plan have vested their rights of exercise/purchase of stock (vesting date). For options that are not vested, no expense is recognized except for the options whose vesting depends on the fulfillment of specific parameters. Options are considered to be vested when all the performance requirements have been fulfilled independent of the fulfillment of the 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 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 IFRS 2.

(ii) Share Appreciation Rights: The fair value of the SARs is measured at the grant date using an appropriate pricing model. The services received and a liability to pay for those services are recognized over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognized in profit or loss.

(ad) Offsetting of Financial Assets and Liabilities: Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Company has a legally enforceable right to set off the recognized amounts and intends to either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

(ae) Long-term assets held for sale and discontinued operations: The Company 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.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the following conditions must apply

- the Company's management must be committed to a plan to sell the asset (or disposal group),
- an active programme 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, 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.

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) will be measured in accordance with the applicable IFRS.

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2.2. PRINCIPAL ACCOUNTING POLICIES (continued)

Non current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be 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 should not be depreciated or amortized.

(ae)Segment information: The Company presents segment information on the basis of Industrial Minerals, Real Estate and Commercial Activities. Due to the fact that the Company makes available to the public its consolidated financial statements at the same time with these financial statements, all disclosures required by IAS 14 “Segment information” are included in the consolidated financial statements.

(af)Prior year reclassifications: Prior year amounts have been reclassified for better presentation purposes as follows: i) an amount of Euro 249 related to advances to suppliers for fixed assets purchases has been transferred from other non-current assets to tangible assets in the balance sheet as of December 31, 2006, and ii) an amount of Euro 300 related to advances to suppliers for fixed assets purchases has been transferred from trade receivables to tangible assets in the balance sheet as of December 31, 2006.

2.3. ADOPTION OF NEW ACCOUNTING PRINCIPLES

In 2007 the Company adopted certain new Standards, Interpretations and Revised Standards which had not any effect on its financial results or financial performance, however, give rise to additional disclosures:

- *IFRS 7 Financial Instruments: Disclosures (as in described in detail in notes 21, 20 and 35)*
- *IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
- *IFRIC 8, Scope of IFRS 2*
- *IFRIC 9, reassessment of Embedded Derivatives*
- *IFRIC 10, Interim Financial Reporting and Impairment*
- *IAS 1, Amendment - Presentation of Financial Statements*

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2.4. NEW STANDARDS AND INTERPRETATIONS

Up to the date of the approval of the financial statements Certain new IFRS, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2008. The Company's management estimate in relation to the effects of the adoption of the new standards and interpretations is as follows:

- (a) ***Amendment to IAS 23 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009)*** The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.
- (b) ***Revisions to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)*** A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R 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 changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.
- (c) ***Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009)*** IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Company will make the necessary changes to the presentation of its financial statements in 2009.
- (d) ***IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009)*** IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide

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2.4. NEW STANDARDS AND INTERPRETATIONS (continued)

explanations and reconciliations of the differences. The Company is in the process of assessing the impact of this standard on its financial statements.

- (e) ***IFRIC 11, IFRS 2 ‘Group and Treasury Share Transactions’ (effective for annual periods beginning on or after 1 March 2007)*** IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent. This Interpretation applies to the way the Company’s subsidiaries account, in their individual financial statements, for options granted to their employees to buy equity shares of the Company. The accounting treatment followed by the Company is in line with the relevant provisions of the Interpretation.
- (f) ***IFRIC 12 “Service Concession Arrangements” (effective for annual periods beginning on or after 1 January 2008)***. IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. IFRIC 12 is not relevant to the Company.
- (g) ***IFRIC 13 “Customer Loyalty Programmes” (effective for annual periods beginning on or after 1 July 2008)***. IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. This Interpretation has no impact on its financial statements.
- (h) ***IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective for annual periods beginning on or after 1 January 2008)***. IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 “Employee Benefits”. It also explains how this limit, also referred to as the “asset ceiling test”, may be influenced by a minimum funding requirement and aims to standardize current practice. The Company expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit.
- (i) ***Amendments to IFRS 2 “Share Based Payment” – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)*** The amendment clarifies two issues: The definition of ‘vesting condition’, introducing the term “non-vesting condition” for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Company expects that this Interpretation will have no impact on its financial statements.

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2.4. NEW STANDARDS AND INTERPRETATIONS (continued)

- (j) *Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009).* The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company does not expect these amendments to impact the financial statements.

2.5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on prior experience in conjunction to the volume / level of such transactions and events.

Significant accounting judgments and related uncertainty: The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

- (a) *Estimates relating to the Company's Mining Activity:* The Company makes certain significant estimates which relate to its mining activities, as follows:
- (i) *Provision for Environment Rehabilitation:* The Company recognizes a provision rehabilitation of land disturbed 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 Company practices. The provision for environment rehabilitation reflects the present value of the expected restoration costs, using estimated cash flows (based on the Company's weighted average cost of capital) as of the balance sheet date and is calculated based on the area of the land disturbed at the balance sheet date and the cost of rehabilitation per metric unit of land at the level of the broader area of interest.
 - (ii) *Mine Development Expenditure:* The cost of mines includes mine development costs, which mainly relate to stripping and waste removal activity expenses incurred throughout the operational life of a mine. Capitalization and amortization of mine development expenses (which is calculated based on the stripping ratio method) are based on data estimated by the Company.
- (b) *Provisions for income taxes:* Current income tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes reported in the respective income tax returns and the 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.

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2.5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(c) *Goodwill impairment tests:* The Company 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 Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SALES

Sales in the accompanying financial statements are analyzed as follows:

	December 31	December 31
	2007	2006
Bentonite	67.887	60.856
Bauxite	48.702	43.418
Perlite	35.155	34.288
Other Activities	1.447	1.332
Sales Commissions	(154)	(342)
	153.037	139.552

4. COST OF SALES

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

	December 31	December 31
	2007	2006
Consumptions	32.047	27.143
Freights	26.126	24.149
Payroll	17.457	15.207
Depreciation	13.017	12.572
Third Party Fees	12.223	10.804
Other Expenses	7.548	6.537
Utilities	5.482	4.993
Tax – Duties	416	410
Amortization of subsidies	(147)	(147)
Fuel tax refund	(1.025)	(1.197)
	113.144	100.471

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5. ADMINISTRATIVE EXPENSES

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

	December 31 2007	December 31 2006
Payroll	14.973	13.655
Other Expenses	4.436	2.601
Utilities	3.785	3.655
Third Party Fees	3.774	2.865
Tax – Duties	2.458	551
Depreciation	1.488	1.894
Provisions	1.268	315
	32.182	25.536

6. SELLING EXPENSES

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

	December 31 2007	December 31 2006
Payroll	1.803	1.687
Other Expenses	1.741	792
Third Party Fees	517	332
Utilities	100	100
Depreciation	68	47
Tax – Duties	6	11
	4.235	2.969

7. OTHER INCOME / (EXPENSE), NET

Other income / (expense), net in the accompanying financial statements is analyzed as follows:

	December 31 2007	December 31 2006
Income from services rented	3.155	2.084
Income from rental	1.614	1.672
Interest income on unduly paid lease fees	-	846
Subsidies on expenditure	80	535
Gain from disposal of property, plant and equipment	32	146
Other, net	(432)	(285)
Provision for land restoration (note 29)	(1.448)	(684)
	3.001	4.314

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8. FINANCIAL INCOME

Financial income in the accompanying financial statements is analyzed as follows:

	December 31 2007	December 31 2006
Profits from valuation of forward freight derivatives (note 31)	1.871	-
Interest income (note 23)	102	155
	1.973	155

9. FINANCIAL EXPENSE

Financial expense in the accompanying financial statements has as follows:

	December 31 2007	December 31 2006
Interest expense on long term loans and borrowings (note 30)	4.911	4.115
Foreign exchange losses, net	330	359
Interest expense on short term borrowings (note 33)	225	15
Bank charges	204	242
Amortization of loans issuance fees (note 30)	75	75
	5.745	4.806

10. INCOME TAX (CURRENT AND DEFERRED)

Income tax (current and deferred) is analyzed as follows:

	December 31 2007	December 31 2006
Current income tax	4.791	2.074
Deferred income tax	163	34
	4.954	2.108

The statutory income tax rate applicable to S&B for its Greek operations is 25% for the fiscal year 2007 (29% for 2006). In 2007, the Company initiated operations abroad through the establishment of a branch which is subject to income tax at the rate of 38%.

The effective income tax rate differs from the nominal one mainly due to certain non deductible expenses and to non taxable or specially taxed income. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits for a time period of five years from the year incurred.

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

S&B has been audited by the tax authorities for fiscal years up to 2004. For the year 2005 the Company is currently being audited by the tax authorities. For the unaudited tax periods it is not possible to assess reliably any additional assessment and penalties that may result in the event of a future tax audit. For this reason, the Company has built up a special purpose provision for unaudited tax years based on the results of prior years tax audits' findings.

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	December 31 2007	December 31 2006
Profit before income tax	18.160	12.664
Income tax calculated at the nominal applicable tax rate		
Greek operation*	4.484	3.673
foreign operation**	85	-
Tax free income		
- Dividends and gains from disposal of listed companies (note 16)	(401)	(548)
- Non taxable reserves L.2601/1998	(1.924)	(1.624)
Non Tax deductible expenses		
- Non allowed expenses	555	-
- Additional taxes	769	328
- Other provisions	395	-
- Car expenses	23	33
- Personnel insurance	42	26
- B.O.D. fees and distribution of profit to employees and other employee benefits	684	374
- Other	242	(154)
Provision for income tax	4.954	2.108
	27,3%	16,6%

* Income from operations in Greece
 ** Income from operations of foreing branch

Euro	17.937
Euro	223
Euro	18.160

The deferred income tax is calculated on all temporary tax differences based on the tax rates expected to be applied during the year in which the asset will be recovered or the liability will be settled and based on tax rates (and tax laws) that are applicable at the balance sheet date.

The statutory income tax rate applicable to S&B for its Greek operations is 25% from 2007 onwards while, for the Company's foreign operation (branch) the statutory income tax rate is 38% for 2008.

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

The net movement of deferred income tax assets is analyzed as follows:

	<u>December 31</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
Beginning balance	2.615	2.801
Debit of Income Statement	(164)	(34)
Deferred income tax (debit)/credit in equity	27	(152)
Ending balance	2.478	2.615

The deferred income tax assets and liabilities relate to the following:

	<u>Balance sheet</u>		<u>Income statement</u>	
	<u>December 31</u> <u>2007</u>	<u>December 31</u> <u>2006</u>	<u>2007</u>	<u>2006</u>
Deferred income tax assets				
Provision for				
- slow moving materials (note 20)	275	275	-	54
- doubtful accounts (note 21)	284	339	(55)	74
- Staff leaving indemnity (note 28)	1.780	1.613	167	155
- Environment rehabilitation (note 29)	3.067	2.737	330	(208)
- Executive officers' bonus	1.034	910	124	204
Transitory accounts	(8)	-	(8)	(32)
Subsidy amortization	276	260	16	12
Derivatives	-	4	(4)	(6)
	<u>6.708</u>	<u>6.138</u>		
Deferred income tax liabilities				
Derivatives	-	(38)	11	(15)
Fixed assets depreciation	(4.230)	(3.485)	(745)	(272)
	<u>(4.230)</u>	<u>(3.523)</u>		
Deferred tax assets, net	<u>2.478</u>	<u>2.615</u>		
Deferred taxes, charge to statement of income (debit)			<u>(164)</u>	<u>(34)</u>

Deferred tax asset and deferred tax liability (financial instruments to meet the criteria for hedging accounting) of Euro 27 net, were charged directly to equity.

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11. DEPRECIATION / AMORTIZATION

Depreciation/amortization expense for the year ended December 31, 2007 and 2006 is as follows:

	December 31	December 31
	2007	2006
Depreciation and amortization		
- Property, plant and equipment (note 13)	14.133	13.887
- Other intangible assets (note 15)	442	726
- Investment property (note 14)	413	413
Total depreciation and amortization	14.988	15.026
Depreciation and amortization included in ending inventories and fixed assets value	(415)	(513)
Depreciation and amortization expensed	14.573	14.513

In addition to the above, Euro 788 and Euro 697 for the year ended December 31, 2007 and 2006, respectively, are included in cost sales consumption, which relates to depreciation included in prior year's ending inventories.

12. PAYROLL COST

Payroll cost for the year ended December 31, 2007 and 2006 is as follows:

	December 31	December 31
	2007	2006
Wages and salaries	28.043	24.371
Social security costs	5.636	5.093
Other staff costs	1.904	1.949
Provision for staff leaving indemnities	1.257	1.076
Share option plans to employees (note 25)	1.362	428
Total payroll cost	38.202	32.917
Payroll cost included in ending inventories and fixed assets	(3.969)	(2.368)
Payroll cost expensed	34.233	30.549

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13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements 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, 2006	48.310	5.251	33.333	53.852	10.952	10.601	785	163.084
Additions	8.089	-	11	388	58	391	6.107	15.044
Disposals	(135)	-	(2)	(389)	(434)	(30)	(6)	(996)
Transfers	21	-	838	2.386	406	30	(3.681)	-
December 31, 2006	56.285	5.251	34.180	56.237	10.982	10.992	3.205	177.132
Additions,	10.959	-	10	893	139	415	7.324	19.740
Disposals	-	-	-	(277)	(202)	(7)	-	(486)
Transfers	-	-	242	2.489	100	5	(2.836)	-
December 31, 2007	67.244	5.251	34.432	59.342	11.019	11.405	7.693	196.386
<u>Accumulated depreciation</u>								
January 1, 2006	26.662	-	12.917	27.398	7.121	8.376	-	82.474
Additions	8.654	-	1.238	2.784	457	754	-	13.887
Disposals	-	-	(2)	(358)	(434)	(30)	-	(824)
December 31, 2006	35.316	-	14.153	29.824	7.144	9.100	-	95.537
Additions	8.907	-	1.266	2.899	446	615	-	14.133
Disposals	-	-	-	(78)	(199)	(7)	-	(284)
December 31, 2007	44.223	-	15.419	32.645	7.391	9.708	-	109.386
<u>Net Book Value</u>								
January 1, 2006	21.648	5.251	20.416	26.454	3.831	2.225	785	80.610
December 31, 2006	20.969	5.251	20.027	26.413	3.838	1.892	3.205	81.595
December 31, 2007	23.021	5.251	19.013	26.697	3.628	1.697	7.693	87.000

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of the ores-mines class is further analysed by component as follows:

	Mining Land	Mine Development Expenses	Environment Rehabilitation Expenses	Exploration and Appraisal costs	Total
<u>Cost</u>					
January 1, 2006	15.262	28.825	4.223	-	48.310
Additions	151	6.929	1.009	-	8.089
Disposals	-	-	(135)	-	(135)
Transfers	21	-	-	-	21
December 31, 2006	15.434	35.754	5.097	-	56.285
Additions	296	8.790	992	881	10.959
December 31, 2007	15.730	44.544	6.089	881	67.244
<u>Accumulated depreciation</u>					
January 1, 2006	7.615	16.800	2.247	-	26.662
Additions	685	7.587	382	-	8.654
December 31, 2006	8.300	24.387	2.629	-	35.316
Additions	691	7.669	547	-	8.907
December 31, 2007	8.991	32.056	3.176	-	44.223
<u>Net Book Value</u>					
January 1, 2006	7.647	12.025	1.976	-	21.648
December 31, 2006	7.134	11.367	2.468	-	20.969
December 31, 2007	6.739	12.488	2.913	881	23.021

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

<u>Cost</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Buildings	4.981	4.449
Machinery	15.189	12.951
Transportation Means	4.499	4.338
Furniture and Fixtures	8.636	7.759
Total	33.305	29.497

14. INVESTMENT PROPERTY

Investment property in the accompanying financial statements is analyzed as follows:

<u>Cost</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2006	14.922	15.598	30.520
December 31, 2006	14.922	15.598	30.520
December 31, 2007	14.922	15.598	30.520
 <u>Accumulated depreciation</u>			
January 1, 2006	-	6.363	6.363
Additions	-	413	413
December 31, 2006	-	6.776	6.776
Additions	-	413	413
December 31, 2007	-	7.189	7.189
 <u>Net Book Value</u>			
January 1, 2006	14.922	9.235	24.157
December 31, 2006	14.922	8.822	23.744
December 31, 2007	14.922	8.409	23.331

Investment properties are leased from third parties for housing of their offices and warehouses. Rental fees on investment properties amounted to Euro 1.560 and Euro 1.421 for the year ended December 31, 2007 and 2006, respectively. Repairs and maintenance costs incurred for such investment properties amounted to Euro 106 and Euro 113 for the year ended December 31, 2007 and 2006, respectively. At December 31, 2007 the Company had lease agreements on its investment properties that expire in various dates through to 2014. The minimum future rental fees to be received on the Company's investment properties, based on non-cancellable lease contracts, at December 31, 2007 have as follows:

	<u>December 31, 2007</u>
	<u>(in millions Euro)</u>
Within one year	1,5
2-5 years	4,5
After 5 years	1,7
	7,7

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14. INVESTMENT PROPERTY (continued)

Based on assessments made by the Company's management, within 2007 no indications were identified that could have resulted to either an impairment of the carrying amount or to a significant increase of the fair value of its investment properties. As a result, the Company's management considers that the fair value of investment properties does not materially differ from that as of December 31, 2006 which amounted to Euro 26,7 million.

15. INTANGIBLE ASSETS

Other intangible assets in the accompanying financial statements have as follows:

	<u>Software</u>	<u>Concessions and licenses</u>	<u>Total</u>
<u>Cost</u>			
January 1, 2006	3.110	553	3.663
Additions	-	65	65
December 31, 2006	3.110	618	3.728
Additions	13	-	13
December 31, 2007	3.123	618	3.741
<u>Accumulated depreciation</u>			
January 1, 2006	1.989	360	2.349
Additions	637	89	726
December 31, 2006	2.626	449	3.075
Additions	362	80	442
December 31, 2007	2.988	529	3.517
<u>Net Book Value</u>			
January 1, 2006	1.121	193	1.314
December 31, 2006	484	169	653
December 31, 2007	135	89	224

The amount (cost) of software in use that had been fully amortised at December 31, 2007 and 2006, amounts to Euro 1.837 and Euro 458, respectively.

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16. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the accompanying financial statements are analyzed as follows:

	December 31 2007	December 31 2006
S&B Holding GmbH	109.890	83.890
Ergotrak Industrial Machinery & Equipment Trading Co S.A.	6.060	6.060
Motodynamics S.A. Group of companies (classified as held for sale)	-	2.016
Greek Helicon Bauxites S.A.	4.232	1.006
Askana Ltd	1.163	1.163
Sarda Perlite S.r.l.	972	972
Sibimin Overseas Ltd.	886	886
Isocon S.A.	90	90
Parnassos Insurance S.A.	42	42
Ergotrak Rom S.r.l.	5	5
Ergotrak Bulgaria	1	1
Ariseize S.A.	-	2.990
Asian Minerals Ltd.	0	0
	123.341	99.121

The following table provides more information related to the above subsidiaries as of December 31, 2007:

Company	Country	Field of activity	% Participation 2007	% Participation 2006	Year established / acquired
S&B Holding GmbH	Germany	Holding	100,00%	100,00%	1992
Ergotrak Industrial Machinery & Equipment Trading Co S.A.	Greece	Commercial	100,00%	100,00%	2000
Greek Helicon Bauxites S.A.	Greece	Industrial Minerals	100,00%	100,00%	1995
Askana Ltd	Georgia	Industrial Minerals	97,70%	97,70%	1998
Sarda Perlite S.r.l.	Italy	Industrial Minerals	61,00%	61,00%	2001
Sibimin Overseas Ltd.	Cyprus	Industrial Minerals	99,99%	99,99%	1996
Isocon S.A.	Greece	Industrial Minerals	60,00%	60,00%	1996
Parnassos Insurance S.A.	Greece	Insurance Brokers	59,00%	59,00%	1981
Ergotrak Rom S.r.l.	Romania	Commercial	100,00%	-	2006
Ergotrak Bulgaria	Bulgaria	Commercial	100,00%	100,00%	2002
Ariseize S.A.	France	Holding	-	100,00%	1995
Asian Minerals Ltd.	Cyprus	Holding	100,00%	100,00%	2006

Within 2006 S&B made a number of sale/purchase transactions of Motodynamics S.A shares through ASE (in various dates) which resulted in a net decrease of the participation interest by 0,95%. These transactions resulted in a net gain of Euro 328, while the S&B's participation interest in Motodynamics S.A amounted to 57,24% (Euro 2.016) as of December 31, 2006.

On June 6, 2007, Ariseize S.A., a French 100% subsidiary of S&B ceased its operations, after having transferred its 63,81% participation in Greek Helicon Bauxites S.A. (the company's sole asset) to S&B. The net amount resulted from the cessation of the above subsidiary was not significant. Finally, S&B which currently owns 100% of the share capital of Greek Helicon Bauxites S.A. further increased its share capital by an amount of Euro 236.

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16. INVESTMENTS IN SUBSIDIARIES (continued)

As at June 30, 2006 Ergotrak reduced its share capital by Euro 366 by reducing the par value of each share by Euro 0,55 per share (from Euro 11,20 per share to Euro 10,65 per share). The Company received Euro 366 as at July 27, 2006.

As at July 12, 2006 Ergotrak increased its share capital by Euro 333 by increasing the par value of each share by Euro 0,50 per share (from Euro 10,65 per share to Euro 11,15 per share). The Company fully covered that increase by paying the respective amount as at July 28, 2006.

In December 2007 the Company's subsidiary S&B Holding GmbH proceeded to the increase of its share capital by an amount of Euro 26.000 which was fully paid within the period.

On February 6, 2008, the Company increased its participation in its subsidiary Parnassos Insurance S.A. to 100% by acquiring the remaining 41%, for an amount of Euro 193, from third parties.

Dividends from subsidiaries recognized in the accompanying financial statements were as follows:

	December 31 2007	December 31 2006
S&B Holding GmbH	13.114	-
Motodynamics S.A. Group of companies	1.233	1.201
Isocon S.A.	372	360
Sarda Perlite S.r.l.	273	-
	14.992	1.561

At December 31, 2007, the Company had not collected part of the dividend from S&B Holding GmbH of Euro 5.500 (net of taxes of Euro 3.680) which is included in Receivables due from related parties. The dividend was fully collected in January 2008.

Carve-out of investment in subsidiary – classification as held for sale

The Company's Board of Directors at its meeting held on December 20, 2007 decided to propose to the Shareholders Extraordinary General Assembly the carve out of the participation interest in the subsidiary Motodynamics S.A. and its subsidiaries, which belongs to the commercial activity segment.

The carve-out was carried out through the distribution to S&B shareholders of 2.806.969 Motodynamics shares (out of the total 2.936.540 number of shares held by S&B, amounting to 57,24% participation interest) in the ratio of 1 Motodynamics share per 11 S&B shares, while any resulting fractions of Motodynamics shares will be settled through cash payments. As a result, the S&B currently holds 2,53% participation interest in Motodynamics.

The carve-out process as approved by the shareholders involves: (a) An S&B share capital increase of Euro 19.452.295,80 through capitalization of reserves "share premiums account" without issuance of new shares but through increase of each share's nominal value by Euro 0,63 and (b) An equivalent share capital decrease with distribution of Motodynamics shares to S&B shareholders, without any share annulment, but through decrease of each S&B share's nominal value by Euro 0,63 as well.

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16. INVESTMENTS IN SUBSIDIARIES (continued)

The approval from the relevant authorities was obtained in January 2008 and therefore, no liability to S&B shareholders was recognized in the financial statements of December 31, 2007.

Up to the date of the approval of the financial statements, IASB has not concluded to the definite accounting treatment of the above transaction. Upon its finalization, the Company will account for, within 2008, the outcome of the transaction in accordance with the prevailing provisions of IFRS and IFRIC.

Based on the market value in the Stock Exchange, the fair value of the Company's share in Motodynamics amounts to Euro 18,8 million approximately at December 31, 2007.

The requirements of IFRS 5 with respect to the classification of the Company's investment in Motodynamics as held for sale were fulfilled within the last days of December 2007. As a result, the carrying amount of the Company's investment in Motodynamics of Euro 2.016, was classified, at December 31, 2007 as held for sale.

17. INVESTMENTS IN ASSOCIATES

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

	December 31 2007	December 31 2006
Laviosa Chimica Mineraria S.p.A.	3.164	3.164
Bentec S.p.A.	401	401
Laviosa Promasa S.A.	208	208
	3.773	3.773

The following table provides additional information for the above associates:

Company	Country	Field of Activity	% Participation 2007	% Participation 2006	Year Established / Acquired
Laviosa Chimica Mineraria S.p.A.	Italy	Industrial Minerals	35,00%	35,00%	1997
Bentec S.p.A.	Italy	Industrial Minerals	23,00%	23,00%	1999
Laviosa Promasa S.A.	Spain	Industrial Minerals	20,10%	20,10%	1997

Dividends from associates recognized in the accompanying financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Laviosa Chimica Mineraria S.p.A.	294	413
Laviosa Promasa S.A.	136	88
Bentec S.p.A.	33	35
	463	536

Disclosures required for investments in associates in accordance with para. 37-40 of IAS 28 are presented in the Company's consolidated financial statements.

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18. RELATED PARTIES TRANSACTIONS

The transactions with related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. The guarantees provided by S&B to its subsidiaries as December 31 2007 and 2006 are analyzed in notes 30, 33 and 36. The Management of the Company has not provided against the receivables due from its subsidiaries or associates since does not anticipate any doubtfulness of such receivables.

The following table presents balances due from and due to direct and indirect subsidiaries and associates as at December 31 2007 and 2006:

	Due from		Due to	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
<u>Direct subsidiaries</u>				
S&B Holding GmbH	6.216	-	-	-
Isocon S.A.	4.290	4.548	11	5
Ergotrak	238	163	85	88
Askana Ltd.	77	434	-	-
Motodynamics S.A. Group of companies	25	309	33	32
Greek Helicon Bauxites S.A.	32	54	823	1.093
Parnassos Insurance S.A.	19	2	-	-
Sibimin Overseas Ltd.	15	8	-	-
Sarda Perlite S.r.l.	2	1	-	86
	10.914	5.519	952	1.304
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	3.409	5.076	-	7
S&B Industrial Minerals North America Inc.	1.407	-	-	50
S&B Industrial Minerals S.A.R.L.	1.273	1.091	-	-
S&B Industrial Minerals Spain S.L.u.	852	863	-	-
CEBO International B.V.	218	-	-	-
Orykton	96	14	-	-
S&B Industrial Minerals (Henan) Co.Ltd.	63	64	5	6
Stollberg Inc	52	-	-	63
S&B Endustriyel Mineraller A.S.	2	2	-	-
Ariseize S.A.	-	51	-	-
S&B Industrial Minerals AD	-	-	5	44
NAIMEX S.A.R.L.	-	-	-	3
	7.372	7.161	10	173
<u>Associates</u>				
Laviosa Promasa S.A.	333	290	-	1
Laviosa Chimica Mineraria S.p.A.	-	452	-	-
	333	742	-	1
	18.619	13.422	962	1.478

Due to the fact the Company has a legal right to offset the above receivables and payables, such balances are presented net in the accompanying balance sheets.

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18. RELATED PARTIES TRANSACTIONS (continued)

The following table presents purchases from direct and indirect subsidiaries and associates for the year ended December 31, 2007 and 2006:

	Inventory purchases		Other expenses	
	2007	2006	2007	2006
<u>Direct subsidiaries</u>				
Sarda Perlite S.r.l.	397	323	-	-
Ergotrak	316	257	-	-
Greek Helicon Bauxites S.A.	-	19	10	11
Isocon S.A.	-	1	9	4
Parnassos Insurance S.A	-	-	13	13
Askana	159	-	-	-
	872	600	32	28
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals AD	762	1.016	-	-
NAIMEX S.A.R.L.	-	68	-	-
S&B Industrial Minerals GmbH	-	-	56	15
	762	1.084	56	15
	1.634	1.684	88	43
<u>Associates</u>				
Laviosa Promasa S.A.	-	-	10	9
Laviosa Chimica Mineraria S.p.A.	-	-	1	-
	-	-	11	9

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18. RELATED PARTIES TRANSACTIONS (continued)

The following table presents sales to direct and indirect subsidiaries and associates for the year ended December 31, 2007 and 2006:

	Sales		Other income	
	2007	2006	2007	2006
<u>Direct subsidiaries</u>				
Isocon S.A.	5.708	5.979	113	107
Greek Helicon Bauxites S.A.	25	131	2	2
Motodynamics S.A. Group of companies	-	-	1.070	1.020
Ergotrak	-	-	446	438
Sibimin Overseas Ltd.	17	-	32	37
S&B Holding GmbH	-	-	714	-
Parnassos Insurance S.A.	-	-	16	16
Sarda Perlite S.r.l.	5	-	-	1
	5.755	6.110	2.393	1.621
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	21.652	18.339	780	797
S&B Industrial Minerals North America Inc.	9.374	8.541	40	48
S&B Industrial Minerals S.A.R.L.	4.184	3.993	-	-
S&B Industrial Minerals Spain S.L.u.	852	853	-	-
S&B Industrial Minerals Kft	-	201	-	-
S&B Industrial Minerals AD	43	15	-	-
Stollberg Inc	-	-	196	198
S&B Industrial Minerals (Henan) Co. Ltd.	-	-	-	5
Orykton GmbH	-	-	102	-
CEBO	1.786	-	-	-
	37.891	31.942	1.118	1.048
	43.646	38.052	3.511	2.669
<u>Associates</u>				
Laviosa Promasa S.A.	2.020	1.613	-	-
Laviosa Chimica Mineraria S.p.A.	760	971	23	16
Bentec S.p.A.	-	-	-	8
	2.780	2.584	23	24

Compensation of key management personnel of the Company: Compensation of key management personnel of the Company for the years ended December 31, 2007 and 2006 were as follows:

	December 31 2007	December 31 2006
Board of Directors fees	460	460
Executives fees (including executive officers of the Board of Directors)	4.074	3.651
Share based payments	782	244
	5.316	4.355

Board of Directors fees are approved by the Company's Shareholders' Regular General Assembly and as a result the related fees for the years ended December 31, 2007 and 2006 were provided for in the accompanying income statements.

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18. RELATED PARTIES TRANSACTIONS (continued)

Social Security Contributions paid to State Contribution Plans for key management personnel for the years ended December 31, 2007 and 2006 amounted to Euro 105 and Euro 87, respectively. Contributions paid for medical and pension plans to insurance entities for key management personnel for the years ended December 31, 2007 and 2006 amounted to Euro 178 and Euro 159, respectively.

19. OTHER NON-CURRENT ASSETS

Other non-current assets in the accompanying financial statements have as follows:

	December 31 2007	December 31 2006
Guarantees	456	425
Long-term portion of advances for purchase of inventories	111	182
Long-term receivables	85	102
	652	709

20. INVENTORIES

Inventories in the accompanying financial statements have as follows:

	December 31 2007	December 31 2006
Bentonite	11.535	11.838
Bauxite	5.436	7.885
Perlite	1.712	2.188
Spare parts	2.410	2.277
Consumables	1.889	1.485
Sodium	560	775
Crude Oil	424	462
Oil	424	368
Other	745	566
	25.135	27.844
Less: provision for slow moving inventory	(1.101)	(1.101)
	24.034	26.743

The above provision for slow moving inventories relates mainly to the consumables and spare parts. The movement of the provision has as follows:

	2007	2006
Beginning balance	1.101	997
Additional provision-income statement	-	133
Utilization of provision	-	(29)
Ending balance	1.101	1.101

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21. TRADE ACCOUNTS RECEIVABLES

Trade accounts receivable in the accompanying financial statements is analyzed as follows:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Trade receivables	17.180	11.867
Post-dated cheques on hand	45	108
Post-dated cheques in delay	0	216
Notes receivable in delay	0	31
Bad debtors	533	727
	<u>17.758</u>	<u>12.949</u>
Less: allowance for bad debt receivables	<u>(1.216)</u>	<u>(1.357)</u>
	<u><u>16.542</u></u>	<u><u>11.592</u></u>

Allowance for bad debts is provided for specific balances receivable that the management considers as bad debts. The movement of bad debts allowance is as follows:

	<u>2007</u>	<u>2006</u>
Beginning balance	1.357	1.451
Additional provision-income statement	147	22
Provision used	<u>(288)</u>	<u>(116)</u>
Ending balance	<u>1.216</u>	<u>1.357</u>

The following table presents the ageing analysis of trade accounts receivable:

	<u>Past due and not impaired</u>				<u>Non-past due and not impaired</u>	<u>Total</u>
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>> 180 days</u>		
31.12.2007	3.861	261	786	1.422	10.212	16.542
31.12.2006	2.776	187	565	1.022	7.042	11.592

22. OTHER CURRENT ASSETS

Other current assets in the accompanying financial statements have as follows:

	<u>December 31 2007</u>	<u>December 31 2006</u>
VAT receivable	5.017	7.682
Derivative financial assets (note 31)	1.871	153
Fuel tax refund	1.243	1.395
Other debtors	447	703
Prepaid expenses	407	376
Advances and prepayments	333	646
	<u>9.318</u>	<u>10.955</u>

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23. CASH AND CASH EQUIVALENTS

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

	December 31 2007	December 31 2006
Sight Deposits	1.032	3.349
Time Deposits	75	4.850
Cash	23	80
	1.130	8.279

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

	December 31 2007	December 31 2006
- Euro	997	8.137
- Other currencies	133	142
	1.130	8.279

Interest income is accounted for as earned and for the year ended December 31, 2007 and 2006 amounts to Euro 102 and Euro 155 respectively (note 8). Bank deposits are bearing variable interests based on floating interest rates.

24. SHARE CAPITAL

(in this note all amounts are expressed in Euro)

On January 1, 2006 the share capital of the Company amounted to Euro 30.381.770,00 comprised of 30.381.770 common shares of Euro 1,00 par value each.

The Board of Directors on May 10, 2006 decided and the Shareholders' Annual General Meeting held on June 1, 2006, approved the increase of the Company's share capital by Euro 72.230.00 (72.230 shares with a par value of Euro 1.00 per share) through capitalization of retained earnings in order that such shares to be distributed to Senior S&B Executives at no consideration, as part of their performance bonus (equivalent amount in Euro 635.624,00). As the related services were rendered to the Company in 2005, the bonus equivalent was accrued in 2005. When the executives received the shares on July 5, 2006 the related accrual was transferred to the accounts of "Share Capital" and "Share Premium".

The above increase in the Company's share capital and share premium was made on June 16, 2006.

On December 6, 2006, the Board of Directors of the Company decided the issuance of 197.335 new common shares with a par value of Euro 1,00 each, that were acquired by executives of the Company within the context of the employee stock option properly approved by the Shareholders' General Assembly. The share capital increase was realized on December 8, 2006.

Consequently, on December 31, 2006 the share capital of the Company amounted to Euro 30.651.335,00 comprised of 30.651.335 common shares of par value Euro 1,00 each.

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24. SHARE CAPITAL (continued)
(in this note all the amounts are reported in Euro)

The Board of Directors της S&B on May 16, 2007 decided and the Shareholders' Annual General Meeting held on May 31, 2007, approved the increase of the Company's share capital by Euro 59.660,00 (59.660 shares with a par value of Euro 1,00 per share) through capitalization of retained earnings so as that such shares to be distributed to Senior S&B Executives at no consideration, as part of their performance bonus (equivalent amount in Euro 625.833,40). As the related services were rendered to the Company in 2006, the bonus equivalent was accrued in 2006. When the executives received the shares on June 21, 2007 the related accrual was transferred to the accounts of "Share Capital" and "Share Premium".

On December 6, 2007, the Board of Directors of the Company decided the issuance of 165.665 new common shares with a par value of Euro 1,00 each, that were acquired by executives of the Company within the context of the employee stock option properly approved by the Shareholders' General Assembly. The share capital increase was realized on December 10, 2007. The resulted par value difference of Euro 864.278,85 was transferred to shares premium reserves.

As a result, at December 31, 2007 the Company share capital amounted to Euro 30.876.660,00 comprised of 30.876.660 common shares of Euro 1,00 par value each.

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

Share options are awarded to members of the Board of Directors and certain executives of the S&B Company. The total number of options awarded is approved by the Annual General Meeting. The number of options per individual is decided by the Board of Directors within the limits specified by the Stock Option Plans. All plans have common provisions, the main being the following:

- Eligible individuals must have completed at least one year of service in the S&B Group.
- The strike price is equal to the average share price of twenty trading days preceding the relevant Shareholder's Annual General Meeting, minus 10%. The table below illustrates the strike prices:

	<u>Strike price</u>
Options awarded in:	
- 2003	€ 6,11
- 2004	€ 5,48
- 2005	€ 5,35
- 2006	€ 8,91
- 2007	€ 9,92

- Options vest at 10% in November of the year they are awarded and 30% in each of the following three years. No other vesting conditions exist.
- Options vested can be exercised within the first five days of December of the year they vest or in any subsequent year and up to the 5th year they are awarded.
- Options are not tradable or transferable.

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

The following table illustrates the movement of outstanding stock options in 2007 and 2006:

	December 31 2007	December 31 2006
Total stock options outstanding at the beginning of the year	344.655	435.890
- Stock options awarded in the year	140.000	110.000
- Stock options exercised in the year	(165.665)	(197.335)
- Stock options cancelled in the year	(13.300)	-
- Stock options expired in the year	(6.400)	(3.900)
Total stock options outstanding at the end of the year	299.290	344.655

The following table illustrates the movement of stock options vested in 2007 and 2006:

	December 31 2007	December 31 2006
Stock options vested - outstanding at the beginning of the year	110.655	160.550
- Stock options vested in the year	137.000	151.340
- Stock options exercised in the year	(165.665)	(197.335)
- Stock options cancelled in the year	(13.300)	-
- Stock options expired in the year	(6.400)	(3.900)
Stock options vested - outstanding at the end of the year	62.290	110.655
Stock options to be vested in forthcoming years	237.000	234.000
Total stock options outstanding at the end of the year	299.290	344.655

The amount of stock options that will vest within the forthcoming years per year of vesting and per exercise price has as follows:

Year of vesting:	No of share options	Exercise Price	No. of share options
- 2008	120.000	€ 5,35	45.000
- 2009	75.000	€ 8,91	66.000
- 2010	42.000	€ 9,92	126.000
	237.000		237.000

The fair value of the stock options is estimated at the award date using the Black-Scholes option pricing model.

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

The following table lists the inputs to the model used for the valuation of stock options awarded in 2007 and 2006 respectively:

	<u>2007</u>	<u>2006</u>
Share price at award date (Euro)	12,20	8,80
Expected life of option (years)	4,6	4,6
5 year risk-free interest rate (%)	4,57	3,90
3-year volatility (%)	29,16	28,53
Dividend yield (%)	2,46	3,07

Based on these inputs the model produced a value of Euro 4,00 and 1,91 per each stock option awarded in 2007 και 2006 respectively

The expense for services received is recognized in the income statement at the time of vesting. The income statement charge relating to the vesting of stock options during 2007 and 2006 is Euro 307 and Euro 215, respectively. These amounts are transferred to a reserve in the equity. This reserve is then reduced as the stock options are being exercised, cancelled or expired.

The table below illustrates the movement of the stock option plan reserve:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Stock option plan reserve at the beginning of the year	350	509
- Fair value of stock options vested	329	215
- Fair value of stock options cancelled	(22)	-
- Fair value of stock options exercised	(275)	(374)
Stock option plan reserve at the end of the year	382	350

The amount of the reserve released by the exercise of stock options plus the amount received with the exercise is then booked against the share capital at the nominal value per issued share with the balance going to the share premium in the equity.

The trading price of the share on the exercise date for the years of 2007 and 2006 was Euro 12,88 (December 5, 2007) and Euro 9,14 (December 5, 2006), respectively.

The table below illustrates the amounts recorded in share capital and share premium during the options exercised in 2007 and 2006:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Amount received by the exercise of stock options	1.030	1.166
Release of related reserve	275	374
	1.305	1.540
Increase in share capital	166	197
Increase in share premium	1.139	1.343
	1.305	1.540

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

Long-term incentive plan for Senior Executives

A Long-term Incentive Plan (LTI) for a small number of senior executives was introduced during 2006. Under this plan a number of Conditional Stock Rights (CSRs) are granted each of which, if vested, give right to acquiring one S&B share at no consideration (stock grant). The total number of CSRs will vest subject to various conditions, such as: operational performance conditions, market performance conditions and continuous employment conditions.

The valuation of CSRs on grant date and their subsequent revaluation on each reporting date is performed based on the following valuation principles:

- The value of each CSRs with operating performance conditions and with continuous employment conditions 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 (i.e. how many CSRs will actually vest) is being reexamined at every reporting period based on the most current operating data. The total value is amortised over the vesting period through the P&L.
- The value of each CSRs with market performance conditions is determined by modelling (Monte-Carlo simulation) that takes into account the vesting probability based on historical market data. This value stays constant during the vesting period and no revaluation on reporting dates is required. The total value is amortised over the vesting period through the P&L.

The following table illustrates the data used to value the fair value of CSR that were awarded during 2006 and 2007:

Range of prices

Vesting period	2 - 4
Share price on the vesting date 2006	8,84
Share price on the vesting date 2007	10,92
Return on equity (%)	10,00
Expected annual increase rate of dividend (%)	10,00

The CSRs vested are considered to be exercised immediately and will be delivered in shares of the Company in proportion of one share per one CSR following the approval of the Shareholders General Assembly. The CSRs are not tradable or transferable.

On October 23rd 2006, 103.550 CSRs were granted out of which 94.121 were expected to vest. Each CSR was valued between Euro 3,61 and Euro 8,30 depending on their vesting conditions. The total value at award was Euro 629. As of December 31, 2007 and 2006, the vesting probability has been reexamined with 87.938 CSRs and 83.224 CSR respectively now expected to vest and a total value of Euro 578 and Euro 538 respectively.

On April 23rd 2007, 112.120 CSRs were granted out of which 102.423 were expected to vest. Each CSR was valued between Euro 4,37 and Euro 10,02 depending on their vesting conditions. The total value at award was Euro 810. As of December 31st 2007, the vesting probability has been reexamined with 95.635 CSRs now expected to vest and a total value of Euro 741.

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

The following table illustrates the movement of CSRs in 2007 and 2006:

	December 31 2007	December 31 2006
Total CSRs outstanding at the beginning of the year	<u>103.550</u>	<u>-</u>
CSRs:		
- awarded in the year	112.120	103.550
- expected to be cancelled	<u>(11.543)</u>	<u>-</u>
Total CSRs outstanding at the end of the year	<u><u>204.127</u></u>	<u><u>103.550</u></u>

The following table illustrates the movement of CSRs vested in 2007 and 2006:

	December 31 2007	December 31 2006
CSRs vested - outstanding at the beginning of the year	<u>-</u>	<u>-</u>
CSRs originally expected to vest in the year	27.965	-
CSRs expected to be cancelled	<u>(11.543)</u>	<u>-</u>
CSRs vested - outstanding	<u>16.422</u>	<u>-</u>
CSRs to be vested in forthcoming years	<u>167.151</u>	<u>-</u>
Total CSR expected to vest	<u>183.573</u>	<u>-</u>
CSR expected not to vest	<u>20.554</u>	<u>103.550</u>
CSRs vested - outstanding at the end of the year	<u><u>204.127</u></u>	<u><u>103.550</u></u>

The amount of stock rights expected to vest within the forthcoming years has as follows:

	No. of stock rights
Year of vesting:	
- 2008	58.658
- 2009	79.267
- 2010	<u>29.226</u>
	<u><u>167.151</u></u>

The expense for services received is recognized in the income statement at the time of vesting. The income statement charge relating to the future vesting of stock rights during 2007 and 2006 is Euro 486 and Euro 46, respectively and they are included in an equity reserve which is reduced as the CSRs are being exercised or cancelled.

The table below illustrates the movement of the stock option plan reserve:

	December 31 2007	December 31 2006
Stock rights reserve at the beginning of the year	<u>46</u>	<u>-</u>
Current year's P&L charge	<u>487</u>	<u>46</u>
Stock option plan reserve at the end of the year	<u><u>533</u></u>	<u><u>46</u></u>

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

Share Appreciation Rights (SARs)

The Shareholders' General Assembly of the Company approved the establishment of a compensation plan the amount of which is connected to company's share price (Share Appreciation Rights – SAR) and are settled in cash for the Chief Executive Officer.

- The table below illustrates the strike price of the stock appreciation rights granted in 2006:

No of SARs	Strike price
216.000	€ 10,00
72.000	€ 11,70

- The 216.000 SARs vest by 72.000 in the end of 2007, 2008 and 2009. The rest 72,000 SARs vest in the end of 2010. No other vesting conditions exist.
- SARs vested can be exercised within three weeks after the quarterly financial statements publication and up to 31.12.2011 (for the 216.000 SARs) or 31.12.2014 (for the rest 72.000).
- SARs vested will be settled in cash.
- SARs are not tradable or transferable.

Within 2007 an additional compensation plan was established which is connected to company's share price (Share Appreciation Rights – SAR) and are settled in cash for certain executives of subsidiaries.

The following table illustrates the movement of outstanding SARs in 2007 and 2006:

	December 31 2007	December 31 2006
Total SAR outstanding at the beginning of the year	<u>288.000</u>	<u>-</u>
SAR:		
- awarded	-	288.000
Total SAR outstanding at the end of the year	<u>288.000</u>	<u>288.000</u>

The following table illustrates the movement of SARs vested in 2007 and 2006:

	December 31 2007	December 31 2006
SARs vested-outstanding at the beginning of the year	-	-
SARs vested in the year	72.000	-
SARs vested – outstanding at the end of the year	<u>72.000</u>	-
SARs to be vested in forthcoming years	216.000	288.000
Total SARs outstanding at the end of the year	<u>288.000</u>	<u>288.000</u>

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

The amount of SARs that will vest within the forthcoming years has as follows:

	<u>N° of SARs</u>
Year of vesting:	
- 2008	72.000
- 2009	72.000
- 2010	72.000
	<u>216.000</u>

The fair value of the SARs is estimated at each reporting date using the Black-Scholes option pricing model.

The following table presents the inputs to the model used for the valuation of SARs awarded in 2007 and 2006 as of December 31, 2007:

Expected life of option (years)	3,8 – 6,8
5 year risk-free interest rate (%)	4,08 – 4,19
3-year volatility (%)	30,45
Dividend yield (%)	2,39

The expense for services received is recognized in the income statement at the time of vesting. The income statement charge relating to the future vesting of SARs for the year ended December 31, 2007 and 2006 is Euro 568 and Euro 167, respectively, and is included in “Other provisions”. This provision is reduced as the SARs are being exercised, cancelled or expired.

The table below illustrates the movement of the provision:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Provision for SAR at the beginning of the year	<u>167</u>	<u>-</u>
Current year’s charge to the income statement	568	167
Provision for SAR at the end of the year	<u>735</u>	<u>167</u>

26. OTHER RESERVES

Reserves in the accompanying financial statements have as follows:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Tax-free reserves	70.676	63.064
Legal reserves	9.098	8.460
Special reserves	5.036	5.754
Revaluation reserves from participation and securities	2.825	2.825
Specially taxed reserves	-	4.153
Reserves from tax-free income	2.593	816
	<u>90.228</u>	<u>85.072</u>

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26. OTHER RESERVES (continued)

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. The Company transferred to legal reserves for the years ended December 31, 2007 and 2006 the amounts of Euro 638 and Euro 440, respectively.

Tax free reserves represent 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.

For the years ended December 31, 2007 and 2006 the Company transferred to tax-free reserves the amounts of Euro 7.612 and Euro 5.601, respectively.

In 2007 extraordinary reserves of Euro 1.417 were distributed as part of the dividends distributed by the Company to its shareholders (note 27).

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 exempted from taxes, provided they are not distributed to shareholders. The Company transferred to specially taxed reserves for the years ended December 31, 2007 and 2006 the amounts of Euro 0 and Euro 328, respectively.

27. DIVIDENDS

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

On May 31, 2007 the Company's Regular General Assembly approved the distribution of dividends of Euro 9.195.401,15 (Euro 0,30 per share) at of which Euro 6.874.990,37 and Euro 2.320.410,78 (net of the related taxes of Euro 773.327,97) came from retained earnings and tax-free / specially taxed reserves. The above amount was paid to the Company's shareholders on June 12, 2007.

The Board of Directors in its meeting held on March 13, 2008 proposed the distribution of dividends for the year 2007 which amounts to Euro 9.571.764,60 (Euro 0,31 per share) which is not yet reflected as a liability on the balance sheet. Out of this amount, Euro 2.200.000,00 will be distributed from specially taxed reserves for which additional income taxes of Euro 733.333,34 will be paid and recognized in the financial statements in 2008.

The dividend not withdrawn by the shareholders of the Company by December 31, 2007 and 2006 amounted to Euro 60.566,44 and Euro 52.626,25 respectively.

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28. PROVISION FOR STAFF LEAVING INDEMNITIES

In accordance with local labor law, employees are entitled to indemnities for dismissal or for 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 is equal to 40% of indemnity entitled in the case of an unfair dismissal. The indemnity programs are not financed and under IAS 19 they are classified as defined benefit plans.

In accordance with Company 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 Company charges to the statement of income the accrued indemnities in each period with a corresponding increase or entitlement liability. Any payments made to entitled employees during any period are offset against this liability.

The movement in the net liability in the accompanying balance sheet has as follows:

	December 31 2007	December 31 2006
Net liability at beginning of the year	6.452	5.831
- Benefits paid	(567)	(455)
- Expense recognised in the statements of income	1.159	1.016
- Additional provision which was capitalized	98	60
Net liability at end of the year	7.142	6.452

An international firm of independent actuaries evaluated the Company's liabilities arising from the obligation to pay retirement indemnities.

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28. PROVISION FOR STAFF LEAVING INDEMNITIES (continued)

The details and principal assumptions of the actuarial study as at December 31, 2007 and 2006 have as follows:

	December 31	December 31
	2007	2006
<u>Reconciliation of net liability benefit obligation</u>		
Present value of actuarial liability at the beginning of the year	9.233	7.339
Service cost	450	452
Interest cost	389	292
Benefits paid	(567)	(455)
Additional cost of extra benefits	162	103
Prior years' service cost, non-vested	-	1.656
Unrecognized actuarial loss	(63)	(154)
Present value of actuarial liability at the end of the year	9.604	9.233
Present value of liabilities not financed	9.604	9.233
Unrecognized actuarial loss	(1.160)	(1.243)
	(1.302)	(1.538)
Net liability in balance sheet	7.142	6.452
<u>Components of income statement charge</u>		
Service cost	450	452
Interest cost	389	292
Prior year service cost	237	118
Amortization of unrecognized actuarial loss	22	52
Regular income statement charge	1.098	914
Additional cost of extra benefits	159	162
Capitalization	(98)	(60)
Total income statement charge	1.159	1.016
<u>Principal assumptions</u>		
Discount rate	4,85%	4,25%
Rate of compensation increase	5,50%	5,50%
Average future working life (in years)	14,22	14,39

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

Social Security Contributions to State Contribution Plans: The Company's Social Security Contributions to State Contribution Plans for the years ended December 31, 2007 and 2006 amounted to Euro 5.636 and Euro 5.093, respectively and are included in payroll cost in the accompanying income statement. Contributions are charged to the statement of income as incurred.

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28. PROVISION FOR STAFF LEAVING INDEMNITIES (continued)

Contribution Plans: The Company has also medical and pension plans under which pays fixed contributions to an insurance company and for IAS 19 purposes are classified as defined contribution plans. The Company has no legal or constructive obligation to pay further contributions in case the insurance company does not hold sufficient assets to pay all employees the benefits relating to employee years of service. Contributions are charged to the statement of income as incurred. Contributions paid by S&B to the insurance company for the year ended December 31, 2007 and 2006 amounted to Euro 1.029 and Euro 1.054, respectively. These contributions are charged to the statement of income as incurred.

29. PROVISION FOR ENVIRONMENT REHABILITATION

The movement of provision for environment rehabilitation for the years ended December 31, 2007 and 2006 is as follows:

	December 31 2007	December 31 2006
Total Amount at the Beginning of the Year	10.948	10.397
- Additional provision	790	684
- Change in future outflow for depleted mines (tangible assets)	611	142
- Change in future outflow for active mines (income statement)	992	874
- Re-estimation of provision	47	(142)
- Utilization of provision (payments)	(1.121)	(1.007)
Total Amount at the End of the Year	12.267	10.948

30. INTEREST BEARING LOANS AND BORROWINGS

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

	December 31 2007	December 31 2006
Syndicated loan	-	33.175
Bond loan (Law 3156/2003)	113.000	75.000
	113.000	108.175
Loan expenses (note 9)	(263)	(337)
Less: current portion of long term loans and borrowings	(7.500)	(33.175)
	105.237	74.663

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30. INTEREST BEARING LOANS AND BORROWINGS (continued)

Bond loans (L. 3156/2003): Within June 2005 the Company concluded an agreement for a common bond issue of L. 3156/2003 of Euro 75 million, with a duration of 7 years, which accrues interest on a floating basis at Euro interbank borrowing rate (Euribor plus spread) and comprised of 150 common bonds of Euro 500.000,00 par value each. Interest expense is calculated on a six month basis. The bond is repayable in five annual installments (commencing 36 months after the issuance of the bond). Each of the first four installments will repay 10% of the bond (2008-2011) and the final installment will repay 60% of the loan (2012). The bond can be repaid earlier with no additional charges. The terms 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). The terms of the bond loan contains events of default including: failure to make payments, incorrect or untrue representations and warranties, breach of any financial or other covenants, failure to fulfil significant obligations due to third parties, occurrence of materially adverse changes affecting the financial position of the Company, certain events of insolvency, encumbrances and attachments of fixed assets and change of control

During January 2007, the Company repaid Euro 33.175, representing the final installment of the syndicated loan of Euro 90 million.

Within 2007, the Company concluded three agreements for common bond issues of L. 3156/2003. Specifically, during March 2007 the Company transacted two Bond issues of Euro 10 million and Euro 15 million. During December 2007, the Company issued one more bond loan of Euro 13 million. All the above bond loans are of two years tenor with floating interest payments based on Euribor plus spread and are repayable on maturity.

The above bank loan balances approach their fair value since they have floating interest rates. For the above loans there are no pledges or other guarantees.

The weighted average interest rate of the above loans for the year ended December 31, 2007 and 2006 is 4,94% and 3,76%, respectively. Total interest expense for the year ended December 31, 2007 and 2006 amounts to Euro 4.911 and Euro 4.115 respectively (note 9).

With respect to the above loans the table below presents the future payments as of December 31, 2007:

	<u>December 31</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
Within one year	7.500	33.175
2-5 years	105.500	30.000
More than 5 years	-	45.000
	<u>113.000</u>	<u>108.175</u>

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31. DERIVATIVE FINANCIAL INSTRUMENTS

Financial derivatives in sea freights

The Company charters dry bulk sea vessels for transporting its products to customers. As a result, its cash flows are materially affected from sea freight prices which have exhibited very high volatility during the last four years. The Company deals partly with the volatility of its cash flows by establishing long term contracts with shipping companies and ship operators covering the transportation of part of its products at pre-agreed fixed freight prices (Cost of Afreightment, "COA"). For the part of the freight costs that are not covered by fixed freight contracts, the Company conducted a study which, after defining, grouping, and standardizing the main and recurring sea routes for the transportation of its products and also taking into account commercial policy factors, concluded that the volatility of part of the freight costs demonstrate satisfactory correlation on an annual average basis with Supramax index. The Company defined this part of freight costs that refer to specific sea routes (North American east coast, west Mediterranean, North Sea), excluding sea freights under COAs, as "Relevant exposure in sea freights" and included it in a risk management program with derivatives, taking into account the continuous growth and the increased liquidity of the freights derivative markets.

In the context of the above mentioned risk management program, on January 3, 2007 the Company bought a Forward Freight Agreement ("FFA") in the Supramax index by which the Company pays fixed prices of the Supramax index and receives floating. The FFA commences at January 1, 2008 and matures at December 31, 2008. The Company concluded the above FFA in order to offset part (around 40%) of the forecasted "Relevant exposure in sea freights" for the financial year 2008.

Management believes that the FFA offers a partial but effective offset of sea freights price risk arising from the volatility of sea freight prices, for the financial year of 2008 and, therefore, the final outcome of this transaction should be reflected in the income statement of 2008. According to IAS 39 interpretation, the FFA does not fulfil the requirements of cash flow hedge accounting and therefore, according to IAS 39 "Financial Instruments: Recognition and measurement", the result from the valuation of the FFA must be recognized in the income statement and not in Equity. At July 11, 2007 the Company, reversed the FFA transaction. The FFA and its reversal valuation as of December 31, 2007 generated a net profit (before deducting deferred taxes) of Euro 1.871 (note 8).

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31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table presents the total movement of derivative financial instruments for the year ended 2007 and 2006:

	<u>January 1 2007</u>	<u>Movement in 2007</u>	<u>December 31 2007</u>
Financial instruments that qualify for hedge accounting			
Forward contracts	110	(110)	-
Cross currency swap	<u>(3)</u>	<u>3</u>	<u>-</u>
Effect in equity	<u>107</u>	<u>(107)</u>	<u>-</u>
Financial instruments that do not qualify for hedge accounting			
Forward Freight Agreement (FFA)	-	1.871	1.871
Interest rate option	43	(43)	-
Other	<u>(1)</u>	<u>1</u>	<u>-</u>
Effect in retained earnings as of January 1, 2007	<u>42</u>		
Effect in current year's income statement		<u>1.829</u>	
Financial instruments assets on balance sheet (note 8, 22)			<u>1.871</u>
Financial instruments liability (note 34)			<u>-</u>
	<u>January 1 2006</u>	<u>Movement in 2006</u>	<u>December 31 2006</u>
Financial instruments that qualify for hedge accounting			
Forward contracts	(162)	272	110
Cross currency swap	<u>(232)</u>	<u>229</u>	<u>(3)</u>
Effect in equity	<u>(394)</u>	<u>501</u>	<u>107</u>
Financial instruments that do not qualify for hedge accounting			
Interest rate option	(18)	61	43
Other	<u>(23)</u>	<u>22</u>	<u>(1)</u>
Effect in current year's income statement		<u>83</u>	
Financial instruments assets on balance sheet (note 22)	<u>-</u>		<u>153</u>
Financial instruments liabilities on balance sheet (note 34)	<u>(435)</u>		<u>(4)</u>

The above amounts are net of deferred taxes.

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32. TRADE ACCOUNTS PAYABLE

Trade accounts payable in the accompanying financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Suppliers	9.825	7.903
Customers advances	(14)	41
	9.811	7.944

33. SHORT TERM BORROWINGS

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

	December 31 2007	December 31 2006
Overdrafts (Euro)	13.003	-
Used amount	13.003	-

As of December 31, 2007 and 2006 the Company has entered into short term loan agreements and overdrafts with floating interest rate (Euribor plus spread). For the above loans no guarantees have been provided. The weighted average interest rate of short term loans, for the year ended December 31, 2007 is 5,06% and total interest expense amounts to Euro 225 (note 9).

34. OTHER CURRENT LIABILITIES

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

	December 31 2007	December 31 2006
Employees' bonus	3.509	3.005
Social security	1.356	1.158
Taxes and duties	1.075	1.023
Share of profits payable to employees	913	830
Board of Directors fees	460	460
Accrued interest	273	336
Accrued rents	146	289
Freights payable	178	195
Derivative financial instruments	-	4
Various creditors	2.031	1.462
	9.941	8.762

The amount of "Freights payable" was paid within next month from year-end.

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35. FINANCIAL RISK MANAGEMENT

The main activities of the Company are influenced by a variety of financial risks such as the risks resulted from changes in foreign currency exchange rates and interest rates. The overall financial risk management programme is focused on unpredictability of financial markets and seeks to minimize potential adverse effects in the Company'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. This includes identifying, evaluating and if necessary, hedging financial risks relating to the Company's operating activities. The Corporate Treasury Department does not undertake any transactions of a speculative nature.

The Company's main financial instruments consist mainly, apart from derivatives, cash and cash equivalents, trade receivables and trade payables and available for sale investments. The Company may enter in derivative financial instruments, such as interest rate options and cross currency swaps, in order to manage the related foreign currency exchange and interest rate risks stemming from its activities and the manner 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 Company 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 balance sheet. With respect to derivative instruments, the Company 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 Company 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 Company does not believe it is necessary to enter into collateral arrangements.
- (ii) **Fair Value:** The carrying amounts reflected in the accompanying balance sheets 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 at the balance sheet date. For all derivatives, the fair values are confirmed to the Company by the financial institutions through which the Company has entered into these contracts.
- (iii) **Liquidity Risk:** The Company manages its liquidity risk by on-going monitoring of its cash flows. The Company 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 Company are sufficient to cover any financing need.

The table below summarizes the maturity profile of the Company's interest bearing borrowings and its forecasted interest expense, at 31 December 2007 and 2006.

Interest-bearing loans	Up to 1 year	1-5 years	>5 years	Total
31.12.2007	27.552	117.697	-	145.249
31.12.2006	37.005	42.056	46.127	125.188

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35. FINANCIAL RISK MANAGEMENT (continued)

Total credit limits of the Company (long term and short term loans) at December 31, 2007 and 2006 are as follows:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Credit limit	198.500	219.675
Used amount		
- Long term loans	(113.000)	(108.175)
- Short term loans	(13.003)	-
- Guarantees reducing credit lines' availability	(5.394)	(5.384)
Credit limits unused	<u>67.103</u>	<u>106.116</u>

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

<u>Trade Paybles</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>> 180 days</u>	<u>Total</u>
2007	7.989	1.822	-	-	9.811
2006	6.624	1.320	-	-	7.944

(iv) Interest Rate Risk: With respect to its long-term debt, the management of the Company 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. In this respect and in relation to long-term business plans, the Company 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 Company's debt is on a floating basis. As a result, Company interest rate risk arises mainly from changes in Euro interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates in Euro, with all other variables held constant, of the Company's profit before tax for the year ended December 31, 2007 and 2006, respectively :

	<u>Change in basis points</u>	<u>Effect on profit before tax</u>
2007	+20	-256
	-15	+192
2006	+20	-219
	-15	+165

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35. FINANCIAL RISK MANAGEMENT (continued)

(v) **Foreign exchange risk:** The Company 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 accompanying 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 Company's profit before tax for the year ended December 31, 2007 and 2006, respectively:

	Change in foreign currency rate	Effect from USD	Effect from GBP	Total effect in profit before tax
2007	+5%	198	16	214
	-5%	-179	-14	-193
2006	+5%	148	44	192
	-5%	-134	-40	-174

Capital management

The Company does not manage its capital at standalone level but only on a consolidated level. Due to the fact that the Company publishes its financial statements together with the consolidated ones, disclosures required by IAS 1 as regards capital management are included in the consolidated notes to the financial statements.

36. COMMITMENTS AND CONTINGENCIES

(a) **Litigations and claims:** The Company is a party to various lawsuits and arbitration proceedings in the normal course of business, for which the Company has provided the amount of approximately Euro 64 in the accompanying financial statements.

(b) **Guarantees:** At December 31, 2007 and 2006 the Company has issued bank letters of guarantee the most important of which related to mining rights and licenses, of Euro 2.808 and Euro 2.845 respectively. Further to the above, S&B had issued corporate guarantees to banks in favor of certain subsidiaries for the issuance of bank loans to them for a total amount of Euro 105.048 and Euro 149.624 respectively.

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36. COMMITMENTS AND CONTINGENCIES (continued)

(c) Environmental issues:

- Petitions of reversal have been submitted before the Council of State, against the Greek State and the administrative act which approves the Environmental Study issued by the Company regarding the exploitation of bauxite deposits covering area of 9.244 thousand square meters in the mountain of Giona. The petitions of reversal were finally heard before the Council of State on October 4, 2006 along with the interventions of S&B in support of the Greek State and the validity of the aforementioned act. The petitioners had also asked for the suspension of the disputed act. The Commission of Suspension of the Council of State by its decision nr. 504/2006 suspended the implementation of the disputed act as to the part regarding the operation in the new exploitations, until issuance of a definitive decision on the petitions of reversal. The decision of suspension is expected to influence the production program of the Company for year 2007. The Company has located alternative sources of supply/production of bauxite outside Greece in order to face the expected partial reduction on the production and to minimize, in combination with redefined production plans in Greece, a long-term material effect on its operation and financial position.
- By its decisions nr. 8778 and 8779/07 the Ministry for the Environment, Physical Planning and Public Works imposed penalties of Euro 224 and Euro 168, respectively, to the Company. The latter, after having fully paid the above penalties, has already appealed against the above decisions before the Administrative Court of Athens.

(d) Operating lease commitments: As of December 31, 2007 the Company has entered into a number of operating lease agreements relating mainly to the rental of buildings that expire on various dated through 2016. Rental expenses included in the accompanying statement of income for the year ended December 31, 2007 amounted to Euro 1.922. Future minimum lease payments under non-cancelable operating leases as at December 31, 2007 are as follows:

	December 31	December 31
	2007	2006
	(in million Euro)	
Within one year	2,0	2,0
2-5 years	8,1	8,4
After 5 years	9,2	11,1
	19,3	21,5

37. OTHER SIGNIFICANT EVENTS OF THE YEAR

- In November 2007, the Company signed a Memorandum Of Understanding (M.O.U.) with PPC Renewables S.A., a subsidiary of PPC S.A., with the ultimate purpose to jointly explore, operate and utilize the geothermal field of the Milos-Kimolos-Polyaigos island complex. The final decisions regarding the realization of the project, and the partnership terms between the two companies, will be determined after the completion of economic and technical study as well as the preparation of a long-term business plan.
- In November 2007, the Group signed a preliminary agreement with Western Way for Industrial Development Co.Ltd., Saudi Arabia (Western Way) to supply 1,1 million tons of greek bauxite on an annual basis, and for the ten forecoming years, to an alumina refinery which will be constructed in Saudi Arabia's JAZAN Economic City, located on the Red Sea south of Jeddah city. The final agreement the basic terms of which have been agreed, is expected to be signed within 2008.