



GROUP OF COMPANIES

S&B Industrial Minerals S.A.

**Consolidated 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 Consolidated 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 Group'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

Efthimios O. Vidalis

Kriton St. Anavlavis

Nikolaos Ch. Ioakim

ID No Ε164488

ID No Σ237368

ID No Η062025

A' Class License No 0002714

S&B Industrial Minerals S.A.

CONSOLIDATED 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 CERTIFIED AUDITOR'S ACCOUNTANT'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of S&B Industrial Minerals S.A. and its subsidiaries ("the Group"), 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. 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 consolidated financial statements present fairly, in all material respects, the financial position of S&B Industrial Minerals S.A. and its subsidiaries 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 adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes the information required by article 107 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 Metamorfosi

S&B Industrial Minerals S.A.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

(Amounts in thousand Euro, except per share data and earnings per share)

	Note	1/1-31/12/2007			1/1-31/12/2006		
		Continuing operations	Discontinuing operations (note 5)	Total	Continuing operations	Discontinuing operations (note 5)	Total
Sales	6	448.738	86.667	535.405	374.615	80.986	455.601
Cost of sales	7	(332.634)	(70.610)	(403.244)	(273.926)	(66.452)	(340.378)
Gross profit		116.104	16.057	132.161	100.689	14.534	115.223
Administrative expenses	8	(49.657)	(3.826)	(53.483)	(44.675)	(3.613)	(48.288)
Selling expenses	9	(29.270)	(8.100)	(37.370)	(24.324)	(7.751)	(32.075)
Other income / (expense), net	10	2.577	1.559	4.136	3.185	2.193	5.378
Operati-ng profit		39.754	5.690	45.444	34.875	5.363	40.238
Financial income	11	2.997	28	3.025	781	51	832
Financial expense	12	(12.147)	(557)	(12.704)	(8.903)	(210)	(9.113)
Share of profit from associates	20	1.686	-	1.686	2.247	-	2.247
Profit before tax		32.290	5.161	37.451	29.000	5.204	34.204
Income tax	13	(9.336)	(1.439)	(10.775)	(9.192)	(1.474)	(10.666)
Net profit		22.954	3.722	26.676	19.808	3.730	23.538
Attributable to:							
Equity holders of the parent		23.085	2.583	25.668	19.505	2.591	22.096
Minority interests	3	(131)	1.139	1.008	303	1.139	1.442
		22.954	3.722	26.676	19.808	3.730	23.538
Earnings per share							
Basic		0,75	0,09	0,84	0,64	0,09	0,73
Diluted		0,75	0,08	0,83	0,64	0,08	0,72
Weighted average number of shares							
Basic	26	30.705.062	30.705.062	30.705.062	30.447.476	30.447.476	30.447.476
Diluted	26	30.921.613	30.921.613	30.921.613	30.547.924	30.547.924	30.547.924

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

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

	Note	December 31 2007	December 31 2006
ASSETS			
Non current assets			
Tangible assets	16	180.629	160.604
Investment property	17	23.331	23.744
Goodwill	18	83.962	73.648
Intangible assets	19	23.560	15.724
Investments in associates	20	8.696	11.306
Deferred tax assets	13	4.188	6.274
Other non current assets		1.423	1.768
Total non current assets		325.789	293.068
Current assets			
Inventories	22	84.252	93.481
Trade accounts receivable	23	77.913	69.397
Other current assets	24	16.735	16.035
Cash and cash equivalents	25	15.310	33.783
Total current assets		194.210	212.696
Asset elements of discontinuing operations	5	46.513	-
Total Assets		566.512	505.764
EQUITY AND LIABILITIES			
Equity			
Share capital	26	30.877	30.651
Share premium	26, 27	33.424	31.719
Share option plan reserve to personnel	27	915	396
Derivative financial instruments valuation reserve	33	-	80
Other reserves	28	87.040	89.980
Foreign currency translation		(6.886)	(2.245)
Retained earnings		56.165	36.763
Total		201.535	187.344
Minority interest	3	8.695	9.082
Total equity		210.230	196.426
Non current liabilities			
Provision for staff leaving indemnities	30	16.242	15.929
Provision for environment rehabilitation		14.614	13.205
Other provisions		2.853	1.605
Interest-bearing loans and borrowings	32	172.864	150.678
Deferred tax liabilities	13	14.102	13.617
Grants		2.562	2.257
Other non current liabilities		885	933
Total non current liabilities		224.122	198.224
Current liabilities			
Trade accounts payable	34	34.270	46.467
Short-term borrowings	35	24.753	7.141
Current portion of long term loans and borrowings	32	15.988	34.009
Income tax liabilities		3.613	3.144
Dividends payable	29	60	53
Other current liabilities	36	23.480	20.300
Total current liabilities		102.164	111.114
Liability elements of discontinuing operations	5	29.996	-
Total equity and liabilities		566.512	505.764

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

S&B Industrial Minerals S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007
(Amounts in thousand Euro)

Amounts attributable to equity holders of the Parent

Note	Share Capital	Share premium	Share option plan reserve to personnel	Derivative financial instruments valuation reserve	Other reserves	Foreign currency translation	Retained earnings	Total	Minority interests	Total equity
January 1, 2006	30.382	29.898	509	(268)	83.895	2.956	27.861	175.233	7.890	183.123
- Profit for the year 2006	-	-	-	-	-	-	22.096	22.096	1.442	23.538
- Currency translation differences	-	-	-	-	-	(5.201)	-	(5.201)	-	(5.201)
- Derivative valuation (net of deferred tax liability of Euro 153)	33	-	-	348	-	-	-	348	-	348
Total profit / (loss) for the year				348		(5.201)	22.096	17.243	1.442	18.685
- Dividends payment	29	-	-	-	(1.417)	-	(6.786)	(8.203)	-	(8.203)
- Dividend paid to minority shareholders		-	-	-	-	-	-	-	(1.090)	(1.090)
- Share option plan to personnel	27	-	261	-	-	-	-	261	-	261
- Free distribution of shares to personnel	26	72	564	-	-	-	-	636	-	636
- Increase/ (decrease) in share capital	26	197	1.343	(374)	-	-	-	1.166	-	1.166
- Increase / (decrease) of investment in subsidiaries		-	(86)	-	72	-	(121)	(135)	(127)	(262)
- Minority participation in subsidiary's share capital increase		-	-	-	-	-	-	-	79	79
- First incorporation of joint venture under the proportionate consolidation method		-	-	-	-	-	-	-	839	839
- Transfers		-	-	-	6.369	-	(6.369)	-	-	-
- Change due to decrease of nominal tax rate in subsidiary		-	-	-	916	-	-	916	-	916
- Other movements		-	-	-	145	-	82	227	49	276
December 31, 2006	30.651	31.719	396	80	89.980	(2.245)	36.763	187.344	9.082	196.426
- Profit for the year 2007	-	-	-	-	-	-	25.668	25.668	1.008	26.676
- Currency translation differences	-	-	-	-	-	(4.363)	83	(4.280)	(168)	(4.448)
- Derivative valuation (net of deferred tax asset of Euro 27)	33	-	-	(80)	-	-	-	(80)	-	(80)
Total profit / (loss) for the year				(80)		(4.363)	25.751	21.308	840	22.148
- Dividends payment	29	-	-	-	(3.094)	-	(6.126)	(9.220)	-	(9.220)
- Dividend paid to minority shareholders		-	-	-	-	-	-	-	(1.286)	(1.286)
- Share option plans to personnel	27	-	794	-	-	-	-	794	-	794
- Free distribution of shares to personnel	26	60	566	-	-	-	-	626	-	626
- Increase in share capital	26	166	1.139	(275)	-	-	-	1.030	-	1.030
- Increase / (decrease) of investment in subsidiaries		-	-	-	-	-	(181)	(181)	(27)	(208)
- First incorporation of joint venture under the proportionate consolidation method		-	-	-	-	(366)	243	(123)	98	(25)
- Transfers		-	-	-	193	88	(281)	-	-	-
- Other movements		-	-	-	(39)	-	(4)	(43)	(12)	(55)
December 31, 2007	30.877	33.424	915	-	87.040	(6.886)	56.165	201.535	8.695	210.230

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

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

	Note	1/1- 31/12/ 2007	1/1- 31/12/ 2006
Cash flows from operating activities			
Profit before tax from continuing operations		32.290	29.000
Profit before tax from discontinuing operations		5.161	5.204
Profit before tax		37.451	34.204
Adjustments for:			
- Depreciation and amortization	14	25.864	25.192
- Depreciation and amortization included in prior year's ending inventories	14	788	697
- Grants amortization		(153)	(133)
- Provisions for environment rehabilitation	10, 31	1.223	667
- Provisions, net		4.038	3.999
- Financial income	11	(3.025)	(832)
- Financial expense	12	12.704	9.113
- Share of profit from associates	20	(1.686)	(2.247)
- Negative difference between purchase price and fair value of acquired assets	4,10	(1.473)	-
- Impairment loss	10,16 ,19	1.062	-
- (Gains) / losses from disposal of property, plant and equipment		(170)	22
		76.623	70.682
(Increase) / Decrease of:			
- Non current assets		(1.023)	335
- Inventories	22	(14.227)	(9.040)
- Trade accounts receivable	23	(13.432)	(4.516)
- Other current assets	24	215	2.105
Increase / (Decrease) of:			
- Other non current liabilities		(8)	(13)
- Trade accounts payable	34	(3.165)	10.532
- Other current liabilities	36	3.221	(2.513)
Staff leaving indemnities paid	30	(1.270)	(1.027)
Payments for environment rehabilitation	31	(1.334)	(1.084)
Income tax paid		(10.119)	(10.588)
Net cash flows from operating activities		35.481	54.873
Cash flows from investing activities			
- Capital expenditure for fixed assets	16, 17, 19	(29.380)	(25.032)
- Capitalized depreciation	14	415	512
- Investments in subsidiaries	3, 4	(38.821)	(888)
- Dividends received from associates	20	311	590
- Share capital increase of subsidiary		-	79
- Financial income received		1.194	832
- Income from decrease of investment in subsidiary		-	379
- Cash inflow from joint ventures first incorporation		358	-
- Grants received		458	-
- Income from disposal of property, plant and equipment		1.195	889
Net cash flows from investing activities:		(64.270)	(22.639)
Cash flows from financing activities:			
- Share option plans exercised	27	1.030	1.166
- Net increase / (decrease) of short-term borrowing	35	30.073	(2.488)
- Increase of long-term borrowing	32	64.000	519
- Decrease of long-term borrowing	32	(59.997)	(20.984)
- Dividends paid		(9.188)	(8.199)
- Dividends paid to minority shareholders		(1.286)	(1.090)
- Interest and financial expenses paid		(11.588)	(8.327)
Net cash flows from financing activities:		13.044	(39.403)
- Effect of exchange rates changes on flows		(164)	(1.312)
Net decrease in cash and cash equivalents		(15.909)	(8.481)
Cash and cash equivalents at beginning of year			
		33.783	42.907
- Effect of exchange rates changes on cash		(1.328)	(643)
- Less: cash and cash equivalents from discontinuing operations		(1.236)	-
Cash and cash equivalents at year end	25	15.310	33.783

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

S&B Industrial Minerals S.A.
CONSOLIDATED 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 GROUP AND ITS OPERATIONS

The S&B Industrial Minerals S.A. Group of companies (“the Group” or “S&B”) is a Greek Group of companies mainly engaged, through the greek company S&B Industrial Minerals S.A. (“the Parent company”) and its subsidiaries, in the extraction, processing, distribution and supply of industrial minerals, the production, distribution and supply of fluxes, the distribution and supply of motorcycles, marine products and heavy equipment and the management and development of real estate. The Parent company 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. As at December 31, 2007 and as at December 31, 2006 the Group employed 2.305 and 2.186 employees, respectively.

2. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

2.1. BASIS OF PRESENTATION

- (a) ***Basis of Preparation of the Consolidated Financial Statements:*** The accompanying consolidated financial statements that constitute the Group’s consolidated 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 financial statements are in accordance with the valid 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 financial statements for the year ended December 31, 2007, on March 13, 2008. It is noted that the financial statements are pending to the approval of the Parent Company’s Shareholders’ General Assembly Meeting.

2.2. PRINCIPAL ACCOUNTING POLICIES

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

- (a) ***Basis of consolidation:*** The financial statements include the Parent Company’s accounts and its subsidiaries. All subsidiaries (entities that S&B has direct or indirect ownership of the majority of voting interest and/or has the power to control the activities of the investee) are consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date in which control is transferred out of the Group. All significant intercompany balances and transactions have been eliminated in the financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by S&B. A full list of the consolidated subsidiaries together with the related effective ownership interests is provided in Note 3.
- (b) ***Functional and Presentation Currency and Foreign Currency Translation:*** The functional and presentation currency of the Group, of the greek subsidiaries, and certain foreign subsidiaries 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.

S&B Industrial Minerals S.A.
CONSOLIDATED 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)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

Monetary assets and liabilities denominated in foreign currency (mainly receivables and payables) 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 for transactions that comply with cash flow hedging requirements that are reported in equity.

The functional currency of the foreign subsidiaries is the official currency of the related country in which each subsidiary operates. The assets and liabilities of foreign operations where their local currency is other than the Euro, are translated into Euro at the rate of exchange ruling at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the reporting year/period. The accumulated difference resulting from such translation is recognized directly in equity until the disposal, write off or de-recognition of a subsidiary, when it is transferred to the income statement.

- (c) **Other Intangible Assets:** Other intangible assets include mining rights, licenses, concessions, software, trademarks and customer lists. Mining rights, licenses and concessions 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 phase in order to operate reduced by the amount of accumulated amortization and any possible impairment. Significant expenditures are capitalized when the software's performance is further enhanced beyond its initial specification.

Trademarks and customer lists are identified, valued and recognized under the process of purchase price allocation in the context of business combinations. 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 years. Customer lists are amortized based on the straight line method over a period of 10 to 20 years. Trademarks are not amortized as they are considered to have an indefinite useful life. However, trademarks are tested for impairment on an annual basis following the provisions of IAS 36 "Impairment of assets". Amortization of intangible assets is included in the income statement.

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

- (i) **Mining Land:** It refers to acquisition cost of land acquired for the purpose of carrying out mining activities. Amortization of Mining Land is calculated on a straight-line basis over the shorter period between a period of twenty years and the useful life of a mine (estimated period for the commercial exploitation of the mine). Amortization of Mining Land is included in the cost of extraction.
- (ii) **Mine Development Expenditure:** It refers to the expenditure incurred throughout the life of mines for their operation, mainly related to the stripping 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 Group. The relevant amount increases the cost of mines, and, simultaneously, an equivalent provision for environment rehabilitation is established. Capitalization and amortization of environment rehabilitation expenditure is accounted for at the level of individual mines and 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

S&B Industrial Minerals S.A.
CONSOLIDATED 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)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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 Group assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amounts. To the extent that this occurs, any excess is provided against, in the financial period in which this is determined.

The management of the Group 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.

(e) **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 income statement 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	15 - 40
Building improvements	3 - 15
Heavy machinery	10 - 40
Machinery	10 - 20
Machinery equipment	5 - 20
Heavy transportation equipment	15 - 33
Other transportation means	5 - 15
Furniture and fixtures	3 - 14

(f) **Investment property:** Investment property is 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 income statement 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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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) **Business Combinations, Goodwill and Changes in Minority Interests:** Business combinations are accounted for using the acquisition accounting method. Based on that method, identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities) of the acquired business are recognized at fair value at the acquisition date. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. At the acquisition date (or at the date of completion of the relative purchase price allocation) any goodwill acquired is allocated to each of the cash-generating units, or group of cash generating units, related to goodwill. When the excess of the purchase price and the value of the net assets recognized exceeds the cost of the business combination, then the Group:

- (a) reassesses the identification and measurement of the identifiable net assets and the cost of the combination, and
- (b) recognizes immediately in the income statement any negative difference between the purchase price and the fair value of the net assets (negative goodwill).

Goodwill is not amortized, but 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.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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 case is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill resulting from acquisitions or business combinations has been allocated to the main cash generating units in group level, which they have been defined in accordance with the provisions of IAS 36 "Impairment of Assets".

When the Group increases its participation interest to existing subsidiaries (acquisition of minority interests) the total difference between the purchase price and the portion of the minority interests acquired (goodwill or negative goodwill) is transferred directly to equity as it is considered as a transaction among the shareholders (entity concept method). Similarly, when minority interests are sold (without losing control of the subsidiary) then the related gains or losses are recognized directly to equity.

(h) **Investments in associates:** These are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture. The Group's investments in its associates are accounted for under the equity method of accounting. The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less possible provisions for any impairment in value. The income statement reflects separately the Group's share of the results of operations of the associates. Where there has been a change recognized directly to equity of the associate, the Group recognizes its share of any changes in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates. The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

- (i) **Investments in joint ventures (jointly controlled entities):** The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognizes its interest in the joint ventures using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. When the Group contributes or sells assets to the joint ventures, any portion of gain or loss from the transaction is recognized based on the substance of the transaction. When the Group purchases assets from the joint ventures, it does not recognize its share of the profits of the joint ventures from the transaction until it resells the assets to an independent party. However, if the resulted loss of the transaction demonstrates decrease in the net realizable value or impairment loss, then this loss is recognized directly to the income statement. The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.
- (j) **Impairment of Assets:**
- (i) **Non financial assets:** The Group 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.
- (ii) **Financial assets:** At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired. The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets measured at amortized cost (non current assets). The recoverable amount of investments in subsidiaries and associates is determined similarly with that of non-financial assets. The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized to the income statement.
- (k) **Inventories:** Inventories include merchandise, finished and semi-finished products, raw and secondary materials, packaging materials and spare parts. Inventories are valued at the lower of cost 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, with the exception of the cost of inventories of the Group's commercial activities which are determined using the specific identification 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.

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(l) **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 Group has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. In certain countries, where insurance market exists, the Group covers the receivables from its customers through insurance. In other geographical areas, and where necessary, the Group requires guarantees direct from its customers. At each balance sheet date all potentially uncollectible 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 Group's policy not to write-off an account until all possible legal action has been exhausted.

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

(i) **Financial assets at fair value through profit and loss:** Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in income.

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

(iii) **Held-to-maturity investments:** Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined 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.

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

(n) 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 Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(o) **Derivative Financial Instruments and Hedging:** The Group 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. 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 Group 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 income statement.

- (p) **Cash and cash equivalents:** The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.
- (q) **Share capital:** Share capital represents the value of the Parent 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.
- (r) **Bank and Bond Loans:** Bank and bond loans are initially recognized at cost which reflects their fair value reduced by the direct loan arrangement expenses. After initial recognition, loans are valued at the unamortized cost based on the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.
- (s) **Borrowing costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (t) **Provisions and Contingent Assets-Liabilities:** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each 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

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

(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 income statement and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges.

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) Provision for Environment Rehabilitation: The Group 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 Group practices. The provision for environment rehabilitation reflects the present value of the expected restoration costs, using estimated cash flows (based on the Group'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.

(w) Income Taxes (Current and Deferred):

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

(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 and their carrying amounts. 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, 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. No deferred tax asset is recognized 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.

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.

Deferred 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 income statement.

- (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 income statement 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) **Operating Leases:** Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.
- (z) **Treasury Shares:** Treasury shares reflect shares of the Parent Company which are acquired and held by itself or its subsidiaries. Treasury shares are stated at cost, as a negative item in shareholders' equity. Any result upon acquisition, sale or cancellation is transferred directly to equity.
- (aa) **Earnings per share:** Basic earnings per share are computed by dividing net income attributed to the Group's shareholders by the weighted average number of ordinary shares outstanding during each year, excluding any treasury shares outstanding during the year. Diluted earnings per share are computed by dividing net income attributed to the Group's shareholders (after deducting the impact on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (after deducting the impact on the convertible redeemable preference shares).
- (ab) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of merchandise and finished products net of trade discounts 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 Group's right on such dividends is approved by the respective bodies of the companies' that declare them.

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

- (ac) **Share Based Payments to members of the Board of Directors and Executives:** The Parent 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 of the Group are entitled share appreciation rights which can only be settled in cash.
- (i) **Stock Option Plan and Long -Term Incentives Plan:** The cost of the respective transactions is measured at the fair value of the stock options as of the grant date of the plans. The fair value is measured through the application of the appropriate valuation 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 fulfilment of specific external market parameters. Options are considered to be vested when all the performance requirements have been fulfilled independent of the fulfilment of the external market parameters. In case of cancellation of any stock option plans, these are accounted for as if they were vested at the date of cancellation and the non-recognized 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 award 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 the income statement.
- (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 Group 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) **Segment information:** The Group presents segment information on the basis of Industrial Minerals, Real Estate and Commercial Activities.
- (af) **Non Current Assets Held for Sale and Discontinued Operations:** The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

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

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

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2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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.

(ag) *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

Within 2007 the implementation of certain new Standards, Interpretations and Revised Standards started, and the Group has adopted them, without any effect on its financial results or financial performance, however, give rise to additional disclosures:

- *IFRS 7 Financial Instruments: Disclosures (as described in detail in notes 5,23,32 and 37)*
- *IAS 1, Amendment - Presentation of Financial Statements (as described in detail in note 37)*
- *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*

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2.4. NEW STANDARDS AND INTERPRETATIONS

Up to the date of the approval of the financial statements certain new Standards, Interpretations and Revised Standards have been published that are mandatory for accounting periods beginning on or after January 1, 2008. The Group'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. The Group is in the process of assessing the impact that this new standard will have on its financial statements.
- (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. Revised IFRS 3 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). Revised IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by Revised IFRS 3 and Revised IAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests (effective for financial years beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 *Segment Reporting* and adopts a management 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 explanations and reconciliations of the differences. The Group is in the process of assessing the impact this new standard will have on its financial statements.
- (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 Group 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 explanations and reconciliations of the differences. The Group is in the process of assessing the impact of this standard on its financial statements.

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2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

- (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 Group’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 Group 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 Group.
- (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. IFRIC 13 is not relevant to the Group.
- (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 Group expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit and all defined contributions plans are not funded.
- (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 Group expects that this Interpretation will have no impact on its financial statements.
- (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 Group does not expect these amendments to have an impact on its financial statements.

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2.5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group 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 related to the Mining Activity of the Group: The Group realizes significant estimates related to its mining activity. More specifically:

- (i) Provision for Environment Rehabilitation:** The Group 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 group practices. The provision for environment rehabilitation reflects the present value of the expected restoration costs, using estimated cash flows (based on the Group'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:** It refers to the expenditure incurred throughout the life of mines for their operation, mainly related to the stripping and waste removal activities. Capitalization and amortization of mine development expenditure is calculated based on the stripping ratio method and on estimated data of the Group.

(b) Provisions for income taxes: Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current 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.

(c) Goodwill and indefinite intangible assets impairment tests: The Group determines whether goodwill and indefinite intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate (the Group's weighted average cost of capital) in order to calculate the present value of those cash flows.

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3. ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Entity	Country	Field of activity	% Participation		Year Established / Acquired
			31/12/2007	31/12/2006	
EUROPE					
Ergotrak Bulgaria Ltd	Bulgaria	Commercial	100,00%	100,00%	2002
S&B Industrial Minerals AD	Bulgaria	Industrial Minerals	99,69%	99,67%	2003
Motodynamics Ltd.	Bulgaria	Commercial	57,24%	57,24%	1992
S&B Industrial Minerals S.A.R.L.	France	Industrial Minerals	100,00%	100,00%	2001
Denain Anzin Metallurgie S.A.S.	France	Industrial Minerals	100,00%	100,00%	2004
Ariseize S.A.	France	Holding	-	100,00%	1995
S&B Industrial Minerals GmbH	Germany	Industrial Minerals	100,00%	100,00%	2001
S&B Holding GmbH	Germany	Holding	100,00%	100,00%	1992
Otavi Minen AG	Germany	Holding	100,00%	100,00%	2000
Orykton GmbH (footnote 2)	Germany	Industrial Minerals	50,00%	50,00%	2005
Askana Ltd.	Georgia	Industrial Minerals	97,70%	97,70%	1998
Isocon S.A.	Greece	Industrial Minerals	60,00%	60,00%	1996
Greek Helicon Bauxites S.A.	Greece	Industrial Minerals	100,00%	100,00%	1995
Motodynamics S.A.	Greece	Commercial	57,24%	57,24%	1993
Motodyktio S.A. (1)	Greece	Commercial	29,19%	29,19%	2002
Motodyctio N.Greece S.A. (footnote 1)	Greece	Commercial	29,19%	29,19%	2004
Motodynamics Insurance Agency SA(footnote 1)	Greece	Commercial	57,69%	57,69%	2003
Ergotrak Industrial Machinery & Equipment Trading Co SA	Greece	Commercial	100,00%	100,00%	2000
Parnassos Insurance S.A.	Greece	Other Activities	59,00%	59,00%	1981
S&B Industrial Minerals Spain S.L.u	Spain	Industrial Minerals	100,00%	100,00%	2000
Sarda Perlite S.r.l.	Italy	Industrial Minerals	61,00%	61,00%	2001
Sibimin Overseas Ltd.	Cyprus	Industrial Minerals	99,99%	99,99%	1996
Asian Minerals Ltd.	Cyprus	Holding	100,00%	100,00%	2006
Cebo International BV (footnote 5), (note 4)	Netherlands	Holding	50,00%	-	2007
Cebo Holland B.V. (note 4)	Netherlands	Industrial Minerals	50,00%	-	2007
Cebo Marine B.V. (note 4)	Netherlands	Industrial Minerals	50,00%	-	2007
Ceco U.K. Ltd (note 4)	G.Britain	Industrial Minerals	50,00%	-	2007
Cebo Fluid Treatment B.V. (footnote 5), (note 4)	Netherlands	Industrial Minerals	25,00%	-	2007
S&B Industrial Minerals Kft	Hungary	Industrial Minerals	100,00%	100,00%	2001
S&B Industrial Minerals SP Z.O.O	Poland	Industrial Minerals	100,00%	100,00%	2006
Motodynamics S.r.l.	Romania	Commercial	57,24%	57,24%	1994
Ergotrak-Rom S.r.l	Romania	Commercial	100,00%	100,00%	2006
Ergotrak Yu Ltd	Serbia	Commercial	100,00%	100,00%	2003
AMERICA					
S&B Industrial Minerals North America Inc.	USA	Industrial Minerals	100,00%	100,00%	1999
Stollberg Inc.	USA	Industrial Minerals	100,00%	100,00%	2004
S&B Industrial Minerals Inc.	USA	Industrial Minerals	100,00%	-	2007
Stollberg do Brazil Ltda	Brazil	Industrial Minerals	100,00%	100,00%	2004
ASIA					
S&B Industrial Minerals (Henan) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	1996
S&B Jilin Wollastonite Co Ltd.	China	Industrial Minerals	100,00%	77,35%	2005
Harmin (Liaoning) Mining Co.Ltd. (footnote 2)	China	Industrial Minerals	29,53%	33,33%	2005
S&B Industrial Minerals (Tianjin) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2006
Panshi Huanyu Wollastonite Co. Ltd. (Note 4)	China	Industrial Minerals	100,00%	-	2007
Qing Dao Stollerg & Samil Co.Ltd. (footnote 3)	China	Industrial Minerals	47,77%	45,00%	2004
Ya Tai Scoria Co. Ltd. (footnote 3)	China	Industrial Minerals	50,00%	-	2007
S&B Endustriyel Mineraller A.Ş.	Turkey	Industrial Minerals	99,16%	98,93%	1996
Pabalk Maden A.Ş	Turkey	Industrial Minerals	98,73%	98,73%	1995
Stollberg India Pvt. Ltd	India	Industrial Minerals	100,00%	100,00%	2004
Stollberg & Samil Co. Ltd. (footnote 4)	Korea	Industrial Minerals	50,00%	50,00%	2004
AFRICA					
Naimex S.A.R.L.	Morocco	Industrial Minerals	100,00%	100,00%	2003

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3. ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Footnotes

1. Consolidated financial statements include two companies that the Group owns less than 50% of voting rights but has the control because the Parent Company owns 57,24% of their parent company, that, successively, owns 51,00% of the above two companies.
2. Harmin (Liaoning) Mining Co.Ltd is fully consolidated in its parent company's, named Orykton GmbH, financial statements (participation stake of Orykton GmbH amounts to 59,06%). Orykton GmbH is consolidated under the proportionate consolidation method. Moreover, within 2007, Harmin (Liaoning) Mining Co. Ltd., subsidiary of the jointly control entity Orykton GmbH, increased its share capital by approximately Euro 540. The Group did not participate in that increase which resulted in the decrease of its participation interest by 3,8% (Group's portion); nevertheless the Group maintained the control of Harmin Liaoning) Mining Co. Ltd.
3. Qing Dao Stollberg & Samil Co.Ltd. and Ya Tai Scoria Co. Ltd. are fully consolidated in the parent company's, named Stollberg & Samil Co. Ltd, financial statements (participation stake 95,53% and 100%, respectively).
4. Due to the change at the decision making process, Stollberg & Samil Co. Ltd. is consolidated under the proportionate consolidation method since January 1, 2007. Until December 31, 2006 Stollberg & Samil Co. Ltd was consolidated under the equity consolidation method.
5. Cebo Fluid Treatment B.V. is fully consolidated in its parent company's, named Cebo International BV, financial statements (participation stake 50,01%).
6. Subsidiary Ariseize S.A., (holding company), incorporated in France, a wholly owned subsidiary of the Parent Company, ceased its operations after having transferred to S&B its unique asset i.e. 63,81% participation in Greek Helicon Bauxites S.A., which owned the remaining 36,19% interest of Greek Helicon Bauxites S.A. As a result, the Parent company owns directly 100% of this subsidiary. No change occurred on consolidation out of this transaction.
7. Within 2007, the Group acquired from minorities the remaining 22,65% interest stake in "S&B Jilin Wollastonite Co. Ltd." at a consideration of Euro 490 and, as a result, it owns 100% of that subsidiary. The total difference between the purchase price and the portion of the minority interests acquired (goodwill) was transferred directly to the Group's shareholders' equity.
8. The Group, through its jointly control entity Stollberg & Samil Co. Ltd., acquired interest stake from minorities of 2,77% in "Qing Dao Stollberg and Samil Co. Ltd" through share capital in which minority did not participate. The Group's portion in the increase amounts to approximately Euro 200 and consequently the Group holds a total share of 47,77% in Qing Dao Stollberg and Samil Co. Ltd. The total difference between the purchase price and the portion of the minority interests acquired (goodwill) was transferred directly to the Group's shareholders' equity.
9. On February 6, 2008, the Group acquired from minorities the remaining 41% of its subsidiary "Parnassos Insurance S.A." at a consideration of Euro 193 and, as a result, it owns 100% of that subsidiary.

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3. ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Minority interests in the balance sheets as at December 31, 2007 and 2006, per subsidiary, are analyzed as follows:

	December 31	December 31
	2007	2006
Orykton GmbH (concerning minority interests of Harmin)	449	751
Isocon S.A.	588	532
Sarda Perlite S.r.l.	412	418
S&B Jilin Wollastonite Co Ltd.	0	347
Parnassos Insurance S.A.	44	58
S&B Industrial Minerals AD	41	40
S&B Endustriyel Mineraller A.S.	5	5
Askana Ltd.	(6)	(3)
Pabalk Maden A.S.	0	0
Sibimin Overseas Ltd.	1	1
Stollberg & Samil Co. Ltd. (concerning minority interests of Qing Dao)	88	-
Minority interest of discontinuing operations	7.073	6.933
Total minority interest of Group	8.695	9.082

Minority interests in the income statements as at December 31, 2007 and 2006, per subsidiary, are analyzed as follows:

	December 31	December 31
	2007	2006
Isocon S.A.	304	307
Sarda Perlite S.r.l.	111	132
Orykton GmbH (concerning minority interests of Harmin)	(542)	(68)
S&B Jilin Wollastonite Co Ltd.	0	(67)
Askana Ltd.	(4)	(5)
S&B Industrial Minerals AD	4	3
Parnassos Insurance S.A.	(14)	1
S&B Endustriyel Mineraller A.S.	0	0
Pabalk Maden A.S.	0	0
Sibimin Overseas Ltd.	0	0
Stollberg & Samil Co. Ltd. (concerning minority interests of Qing Dao)	10	-
Minority interest of continuing operations	(131)	303
Minority interest of discontinuing operations	1.139	1.139
Total minority interest of Group	1.008	1.442

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS

Cebo International BV: On April 20, 2007 the Group acquired 50% of the shares and voting rights of Cebo International BV Group (“Cebo”) whose headquarters are located in the Netherlands and is mainly engaged (through its subsidiaries in the Netherlands and in United Kingdom) in the supply of industrial minerals, chemicals and services to the oil & gas industry and other industrial markets that belong to the Bentonite Division. The acquisition of Cebo was paid in cash. Since May 1, 2007 and through December 31, 2007 Cebo has been proportionately consolidated in the S&B’s financial statements, since, according to the agreement, S&B controls Cebo jointly with another shareholder.

If the combination had taken place on January 1, 2007, sales of the Group would have been increased by approximately Euro 8,8 million, profit before taxes would have been increased by approximately Euro 1,1 million and net profit would have been increased by approximately Euro 0,8 million.

The contribution of Cebo Group since the acquisition date was: (a) approximately Euro 18 million in sales, (b) approximately Euro 2 million in profit before taxes and (c) approximately Euro 1,5 million in net profit.

During the purchase price allocation of Cebo, S&B recognized as intangible assets in the balance sheet, tradename and customer list based on appropriate valuation methods. Customer list is amortized on a straight line basis over 20 years. “Cebo” is known as a tradename of high level quality products and services in the industrial minerals industry and, therefore, S&B attributed to it an indefinite useful life.

Residual goodwill recognized includes assembled workforce (as an intangible asset) which due to its nature could not be recognized separately and reliably evaluated. The fair value of the identifiable assets, liabilities and contingent liabilities of Cebo, the purchase price allocation according to the provisions of IFRS 3 «Business Combinations» and the precise determination of goodwill concluded within 2007.

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

The fair values of identifiable assets and liabilities related to the Group, the total consideration (cost) of acquisition and the resulting goodwill recognized are summarized as follows:

	Final Fair Value on acquisition	Carrying value on acquisition
Cebo International B.V.		
Property, plant and equipment	4.186	1.823
Intangible assets (note 19)	9.792	-
Deferred tax assets	31	31
Inventories	3.512	3.512
Current receivables	4.586	4.586
Cash and cash equivalents	4.412	4.412
	26.519	14.364
Provisions	317	317
Deferred tax liabilities	3.109	9
Current liabilities	3.653	3.653
	7.079	3.979
Fair value of net assets	19.440	
Total acquisition cost	26.610	
Resulting Goodwill	7.170	
<u>Analysis of total acquisition cost</u>		
Acquisition cost	26.100	
Direct acquisition costs and other expenses	510	
Less: Cash acquired	(4.412)	
Net cash outflow of acquisition	22.198	

The goodwill of Euro 7.170 comprises the fair value of expected synergies arising from acquisition.

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

Panshi HuanYu Wollastonite Ltd.: At the end of August 2007 the Group acquired 100% of the shares and voting rights of Panshi HuanYu Wollastonite Ltd which is incorporated in China, at Panshi City, Jilin Provincence and is mainly engaged in the extraction and processing of wollastonite and related minerals belonging to Fluxes Division. The acquisition was paid in cash. Since September 1, 2007 and up to December 31, 2007, Panshi HuanYu Wollastonite Ltd has been fully consolidated in the S&B's financial statements. If the combination had taken place on January 1, 2007, sales of the Group would have been increased by approximately Euro 450, profit before taxes would have been increased by approximately Euro 67 and net profit would have been increased by approximately Euro 52.

Since the acquisition date and up to year-end, Panshi's contribution was as follows: (a) Euro 83 to sales and (b) losses of Euro 118 to earnings before and after taxes.

The fair value of the identifiable assets, liabilities and contingent liabilities of Panshi HuanYu Wollastonite Ltd, the purchase price allocation according to the provisions of IFRS 3 «Business Combinations» and the precise determination of goodwill is expected to be concluded within 2008 due to the fact that the identification of intangible assets, if any, which should decrease the residual resulted goodwill has not yet been concluded.

The temporary fair values of identifiable assets and liabilities related to the Group, the total consideration (cost) of acquisition and the resulting goodwill recognized are summarized as follows:

	Temporary Fair value on acquisition	Carrying value on acquisition
Tangible assets	323	206
Intangible assets (Note 19)	208	116
Inventories	39	39
Current receivables	267	267
Cash and cash equivalents	816	816
	1.653	1.444
Short-term loans	291	291
Other current liabilities	155	155
	446	446
Fair value of net assets	1.207	
Total acquisition cost	2.423	
Resulting temporary goodwill	1.216	
<u>Analysis of total acquisition cost</u>		
Acquisition cost	2.423	
Less: Cash acquired	(525)	
Net cash outflow of acquisition	1.898	

The goodwill of Euro 1.216 comprises the fair value of expected synergies arising from acquisition.

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

Acquisition of operations from the Hill & Griffith Company: On October 3, 2007, the Group acquired from “The Hill & Griffith Company” the processing bentonite activities located in the United States of America (“USA”). These activities comprise the design and production, in four blending plants, of specialized bentonite based sand binders used in US foundries for casting applications. Two blending plants are located in Ohio State (Cincinnati & Burbank), one in Cicero of the state of Illinois and one in Birmingham of the state of Alabama. The purchase price of assets, including inventories was paid in cash and the values of the acquired assets are included in the newly incorporated subsidiary S&B Industrial Minerals Inc., in USA.

The fair value of the identifiable assets, liabilities and contingent liabilities of Hill and Griffith, the purchase price allocation according to the provisions of IFRS 3 «Business Combinations» and the precise determination of goodwill is expected to be concluded within 2008 due to the fact that the identification of intangible assets, if any, which should decrease the residual resulted goodwill has not yet been concluded.

The temporary fair values of identifiable assets and liabilities related to the Group, the total consideration (cost) of acquisition and the resulting goodwill recognized are summarized as follows:

	Temporary Fair value on acquisition	Carrying value on acquisition
Land-Buildings	1.914	1.858
Machinery	3.330	5.886
Other equipment	54	-
Deferred tax assets	832	-
Inventories	888	888
	7.018	8.632
Total acquisition cost	9.037	
Resulting temporary goodwill	2.019	
<u>Analysis of total acquisition cost</u>		
Acquisition cost	8.836	
Direct acquisition costs and other expenses	201	
Net cash outflow of acquisition	9.037	

The above assets have been incorporated in the existing operations of Bentonite Division and therefore their separate contribution to the Group cannot be easily and reliably measured. Moreover, due to the fact that the acquisition was finalized within the 4th quarter of 2007, when operations are seasonal, their contribution to the Group is not representative. Nevertheless, this acquisition enhances the operations and the production capacity of the Group and it creates new development opportunities and synergies to the distribution network and strategic presence in new states of USA and this is a main reason why the above transaction generated goodwill.

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

Acquisition of operations from Unimin Corporation: At the end of December 2007, the Group concluded to a final agreement for the acquisition of the bentonite processing plant of Unimin Corporation, located in Aberdeen of the state of Mississippi in USA. The acquisition of assets, including liabilities, was realized through cash consideration of 1 (one) US Dollar.

The Group recognized a liability related to the legal obligation of Unimin Corporation to the local authorities regarding the environmental restoration of disturbed land occurred prior to the acquisition date, due to the extraction activities. The Group has provided guarantees against this liability by restriction of cash of Euro 895 (Note 24). Due to the fact that the acquisition was finalized at the end of December, the operating contribution to the Group was nil.

The fair value of the identifiable assets, liabilities and contingent liabilities of Unimin Corporation, the purchase price allocation according to the provisions of IFRS 3 «Business Combinations» and the precise determination of negative goodwill is expected to be concluded within 2008 due to the fact that the identification of intangible assets, if any, which should decrease the residual resulted goodwill has not yet been concluded.

The temporary fair values of identifiable assets and liabilities related to the Group, the total consideration (cost) of acquisition and the resulting negative goodwill recognized are summarized as follows:

	Temporary Fair value on acquisition	Carrying value on acquisition
Land-Buildings	468	714
Machinery	2.174	710
Other equipment	4	-
Mining rights	0	-
	2.646	1.424
Environment rehabilitation provision	511	-
Deferred tax liabilities	726	-
	1.237	-
Fair value of net assets	1.409	
Total acquisition cost	38	
Foreign Exchange Difference	(102)	
Resulting negative Goodwill	(1.473)	
<u>Analysis of total acquisition cost</u>		
Acquisition cost (1 US Dollar)	0	
Direct acquisition costs and other expenses	38	
Net cash outflow of acquisition	38	

The generated negative difference between the acquisition cost and the fair value of net assets acquired (negative goodwill) is included in the “Other Income / (Expenses), Net” (note 10).

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

Ya Tai Scoria Co. Ltd.: At the end of December 2007 the Group acquired 50% of the shares and voting rights of Ya Tai Scoria Co. Ltd through the jointly controlled Stollberg & Samil Co.Ltd which belongs to the Fluxes Division. Ya Tai Scoria Co. Ltd is incorporated in China, at Hong Kong, and has its premises in Qingdao. Its acquisition is related to the strategic decision of the Group to expand the existing premises and operations in Qingdao. The acquisition was paid in cash.

This acquisition did not have any contribution to the Group's operations due to the fact that the acquired company had no operations since the acquisition date.

The fair value of the identifiable assets, liabilities and contingent liabilities of Ya Tai Scoria Co. Ltd, the purchase price allocation according to the provisions of IFRS 3 «Business Combinations» and the precise determination of goodwill is expected to be concluded within 2008 due to the short time limits until the preparation of the financial statements.

The temporary fair values of identifiable assets and liabilities related to the Group, the total consideration (cost) of acquisition and the resulting goodwill recognized are summarized as follows:

	Temporary Fair value on acquisition	Carrying value on acquisition
Tangible assets	136	136
Intangible assets	16	16
Current receivables	9	9
Cash and cash equivalents	6	6
	167	167
Other current liabilities	9	9
	9	9
Fair value of net assets	158	
Total acquisition cost	494	
Resulting temporary goodwill	336	
<u>Analysis of total acquisition cost</u>		
Acquisition cost	494	
Less: Cash acquired	(6)	
Net cash outflow of acquisition	488	

The goodwill of Euro 336 comprises the fair value of expected synergies arising from the acquisition.

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4. BUSINESS COMBINATIONS AND PLANTS ACQUISITIONS (continued)

Plant acquisition from OMYA GmbH: On July 2007, the Group acquired from “OMYA GmbH” the bentonite processing plant which is located at Neuss in Germany. The purchase price of assets, including inventories (asset deal) amounted to Euro 4,2 million approximately and it was paid in cash.

The acquisition values of assets are summarized as follows

	Acquisition values
Land-Buildings	3.471
Machinery	41
Other equipment	54
Inventories	632
Current liabilities	(13)
Total acquisition cost	4.185

The above assets have been incorporated in the existing operations of the Bentonite Division with the purpose to expand its production capacity and to create new development opportunities.

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5. DISCONTINUED OPERATIONS

The Parent 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 (Motodynamics sub-group), which belongs to the commercial activity segment. The Shareholders Extraordinary General Assembly held on January 11, 2008 approved the carve-out.

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 the Group, 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 Group 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.

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

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 Group will account for, within 2008, the outcome of the transaction in accordance with the prevailing provisions of IFRS and IFRIC.

As a result of the above, the Group Management decided that the criteria set forth in IFRS 5 in connection with the classification and measurement of Motodynamics subgroup as disposal group held for sale were satisfied within the last days of December 2007. Consequently, the assets and liabilities of Motodynamics subgroup as of December 31, 2007 as well as its income statement for the years 2007 and 2006 were classified (reclassified) and are presented in accordance with the provisions of IFRS 5, while the assets and liabilities of the subgroup at the day of reclassification were also measured in accordance with the provisions of IFRS 5. No impairment loss resulted from the above measurement.

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5. DISCONTINUED OPERATIONS (continued)

Motodynamics sub-group assets and liabilities are presented separately on the balance sheet as “Elements held for sale”.

Motodynamics sub-group statements of income for the years ended December 31, 2007 and 2006 are separately presented in the income statement under the title “DISCONTINUED OPERATIONS” while main categories of the sub group’s assets, liabilities and cash flows as at December 31, 2007 are as follows:

ASSETS	December 31 2007
Non-current assets	
Tangible and intangible assets	3.124
Deferred tax assets	511
Other non-current assets	1.627
Total non-current assets	5.262
Current assets	
Inventories	29.142
Trade receivables	10.461
Other receivables	412
Cash and cash equivalents	1.236
Total current assets	41.251
TOTAL ASSETS	46.513
LIABILITIES	
Non-current liabilities	
Staff leaving indemnities	927
Other non-current liabilities	40
Total non-current liabilities	967
Current liabilities	
Trade payables	13.420
Short term borrowings	13.392
Income tax liabilities	548
Other current liabilities	1.669
Total current liabilities	29.029
TOTAL LIABILITIES	29.996
Net cash flows	
Operating activities	(8.625)
Investing activities	(475)
Financing activities	8.455
Total net cash flows	(645)

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5. DISCONTINUED OPERATIONS (continued)

The maturity of the trade receivables of discontinued operations is analyzed as follows:

	Past-due and not impaired				Non past-due and not impaired	Total
	0-30 days	31-90 days	91-180 days	> 180 days		
2007	102	85	126	1.280	8.868	10.461

The table below illustrates the maturity of the financial liabilities of discontinued operations:

2007	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	-	7.931	5.489	-	13.420
Other current liabilities	-	1.222	445	-	1.667
	-	9.153	5.934	-	15.087

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6. SALES

Sales in the financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Bentonite	172.712	135.906
Bauxite	48.606	43.273
Perlite	76.271	73.951
Other Minerals	36.886	31.398
Continuous casting fluxes	87.409	69.537
Commercial Activities	25.440	19.219
Other Activities	1.414	1.331
	448.738	374.615
Sales from discontinuing operations	86.667	80.986
Total sales of Group	535.405	455.601

7. COST OF SALES

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

	December 31 2007	December 31 2006
Consumptions	142.243	127.855
Freights	49.899	45.811
Payroll	41.850	35.926
Depreciation	20.523	19.871
Utilities	25.951	20.683
Third Party Fees	14.180	12.497
Tax – Duties	1.158	1.198
Other Expenses	36.830	10.085
	332.634	273.926
Cost of sales from discontinuing operations	70.610	66.452
Total cost of sales of Group	403.244	340.378

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8. ADMINISTRATIVE EXPENSES

Administrative expenses in the financial statements are analyzed as follows:

	December 31	December 31
	2007	2006
Payroll	25.517	23.097
Utilities	5.628	5.354
Third Party Fees	7.313	6.749
Depreciation	2.823	3.306
Taxes – Duties	876	931
Other Expenses	7.500	5.238
	49.657	44.675
Administrative expenses from discontinuing operations	3.826	3.613
Total administrative expenses of Group	53.483	48.288

9. SELLING EXPENSES

Selling expenses in the financial statements are analyzed as follows:

	December 31	December 31
	2007	2006
Payroll	15.947	14.954
Third Party Fees	1.533	1.246
Utilities	3.449	2.440
Depreciation	1.816	1.335
Taxes-Duties	82	56
Other Expenses	6.443	4.293
	29.270	24.324
Selling expenses from discontinuing operations	8.100	7.751
Total selling expenses of Group	37.370	32.075

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10. OTHER INCOME / (EXPENSE), NET

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

	December 31	December 31
	2007	2006
Negative difference between purchase price and fair value of acquired assets (note 4)	1.473	-
Income from rentals	1.031	1.093
Income from services rendered	1.192	1.600
Income from commissions	285	330
Gains/(losses) from disposal of property, plant and equipment, net	69	(63)
Subsidies on expenditure	58	535
Provision for environmental rehabilitation (note 31)	(1.223)	(693)
Losses from assets decrease (note 16)	(1.062)	-
Other income, net	754	383
	2.577	3.185
Other income/(expense) from discontinuing operations	1.559	2.193
Total other income/(expense), net, of Group	4.136	5.378

11. FINANCIAL INCOME

Financial income in the financial statements is analyzed as follows:

	December 31	December 31
	2007	2006
Gains from valuation on freights derivatives (note 33)	1.871	-
Interest income (note 25)	969	781
Other	157	-
	2.997	781
Financial income from discontinuing operations	28	51
Financial income of Group	3.025	832

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12. FINANCIAL EXPENSE

Financial expense in the financial statements is analyzed as follows:

	December 31	December 31
	2007	2006
Interest expense on long term loans and borrowings (note 32)	9.888	7.385
Interest expense on short term borrowings (note 35)	776	332
Foreign exchange losses, net	796	498
Bank charges	520	437
Amortization of loan expenses (note 32)	150	247
Other	17	4
	12.147	8.903
Financial expense from discontinuing operations	557	210
Financial expense of Group	12.704	9.113

13. INCOME TAX (CURRENT AND DEFERRED)

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

	December 31	December 31
	2007	2006
Current income tax	11.637	10.089
Deferred income tax	(862)	577
Income tax of the Group	10.775	10.666
Less: Income tax from discontinuing operations	(1.439)	(1.474)
Income tax from continuing operations	9.336	9.192

The statutory income tax rate applicable to the Parent company, for its activities in Greece, for the fiscal year 2007 is 25% (29% for 2006).

The effective income tax rate differs from the nominal one mainly due to certain non deductible expenses, to non taxable or specially taxed income and non taxable reserves.

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 taxable profits for a period of time which is dictated by the tax legislation of each country.

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

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

<u>Company</u>	<u>Note</u>	<u>Country</u>	<u>Unaudited tax years</u>
EUROPE			
Ergotrak Bul Ltd.		Bulgaria	2003-2007
S&B Industrial Minerals AD	(4)	Bulgaria	2005-2007
Motodynamics Ltd.		Bulgaria	2002-2007
S&B Industrial Minerals S.A.R.L.		France	2003-2007
Denain Anzin Metallurgie S.A.S		France	2004-2007
Ariseize S.A.		France	-
S&B Industrial Minerals GmbH	(3)	Germany	2002-2007
S&B Holding GmbH	(3)	Germany	2002-2007
Otavi Minen AG	(3)	Germany	2002-2007
Orykton GmbH		Germany	2005-2007
Askana Ltd.		Georgia	2003-2007
S&B Industrial Minerals S.A	(1)	Greece	2005-2007
Isocon A.E.		Greece	2003-2007
Greek Helicon Bauxites S.A.		Greece	2002-2007
Motodynamics S.A.	(5)	Greece	2004-2007
Motodyktio S.A		Greece	2002-2007
Motodyctio N.Greece S.A		Greece	2004-2007
Motodynamics Insurance Agency S.A.		Greece	2003-2007
Ergotrak Industrial Machinery & Equipment Trading Co SA		Greece	2006-2007
Parnassos Insurance S.A.		Greece	2003-2007
S&B Industrial Minerals Spain S.L.u.		Spain	2002-2007
Sarda Perlite S.r.l.		Italy	2000-2007
Sibimin Overseas Ltd.		Cyprus	1999-2007
Asian Minerals Ltd		Cyprus	2006-2007
Cebo International BV	(2)	Holland	2002-2007
Cebo Holland B.V.	(2)	Holland	2002-2007
Cebo Marine B.V.	(2)	Holland	2002-2007
Cebo U.K. Ltd	(2)	G.Britain	2002-2007
Cebo Fluid Treatment B.V.	(2)	Holland	2006-2007
S&B Industrial Minerals Kft		Hungary	2002-2007
S&B Industrial Minerals SP.Z.O.O.		Poland	2006-2007
Motodynamics S.r.l.		Romania	2003-2007
Ergotrak –Rom S.r.l.		Romania	2006-2007
Ergotrak Yu Ltd		Serbia	2003-2007
AMERICA			
S&B Industrial Minerals North America Inc.		USA	2000-2007
Stollberg Inc	(2)	USA	2000-2007
S&B Industrial Minerals Inc.		USA	2007
Stollberg do Brazil Ltda.	(2)	Brazil	2002-2007
ASIA			
S&B Industrial Minerals (Henan) Co. Ltd.		China	2005-2007
S&B Jilin Wollastonite Co Ltd.		China	2005-2007
Harmin (Liaoning) Mining Co. Ltd.		China	2005-2007
S&B Industrial Minerals (Tianjin)Co.Ltd.		China	2006-2007
Panshi Huanyu Wollastonite Co. Ltd.		China	2007
Qing Dao Stollberg & Samil Co.Ltd.		China	2006-2007
Ya Tai Scoria Co.Ltd.		China	2007
S&B Endustriyel Mineraller A.Ş.		Turkey	2004-2007
Pabalk Maden A.S.		Turkey	2004-2007
Stollberg India Pvt. Ltd.		India	2006-2007
Stollberg & Samil Co. Ltd.	(2)	Korea	2005-2007
AFRICA			
Naimex S.A.R.L.		Morocco	2004-2007

- (1) The Parent company is currently being audited by the tax authorities for the fiscal year 2005.
- (2) The potential tax liabilities that may come up from a future tax audit until fiscal year 2003 for the companies of Stollberg Group and until fiscal year 2006 for the companies of Cebo Group, based on the acquisition agreement, are covered by the seller.
- (3) These entities are currently being audited by the tax authorities for the fiscal years 2002-2005.
- (4) This company is currently being audited by the tax authorities for the fiscal year 2005-2006.
- (5) Motodynamics S.A. is currently being audited by the tax authorities for the fiscal years 2004-2006.

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

The Group is not able to estimate accurately the additional taxes and penalties which may occur from a tax audit of the unaudited tax years for each subsidiary and the country it operates. Therefore, the Group has built up a special purpose provision, based on previous years' tax audits and the development of the related figures.

The analysis and reconciliation of the nominal tax rate to the effective tax rate is summarized as follows:

	December 31	December 31
	2007	2006
Profit before tax from continuing operations	32.290	29.000
Profit before tax from discontinuing operations	5.161	5.204
Profit before tax from continuing operations	37.451	34.204
Parent company's tax rate	25%	29%
Income tax calculated at the nominal applicable tax rate	9.363	9.919
-Tax effects of profits from subsidiaries taxed at different rates	(1.631)	1.197
-Non taxable reserves L.2601/1998	(1.924)	(1.624)
-Deferred income tax asset on prior years subsidiaries' taxable losses	(5)	(366)
-Tax effects of current year losses of subsidiaries on which no deferred tax was calculated	787	342
-Tax effects of non-taxable income and expenses not deductible for tax purposes	4185	1.198
-Tax effects of deferred tax from change in statutory tax rate	-	-
Total Group income tax	10.775	10.666
Less: Income tax from discontinuing operations	(1.439)	(1.474)
Income tax from continuing operations	9.336	9.192
	28,8%	31,2%

The nominal income tax expense has been calculated based on the profit before income tax in conjunction with the nominal tax rate applicable in the Parent Company.

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 Group has not accounted for deferred tax assets for losses of specific subsidiaries, amounting to Euro 6 million approximately. The main reason for this is the uncertainty of when these companies will start to generate taxable profits, also taking into account the rolling expiration of the right to carry forward these tax losses.

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

Deferred income tax net movement is analyzed as follows:

	December 31	December 31
	2007	2006
Beginning balance, net liability	(7.343)	(7.480)
Debit / (Credit) of Income Statement	862	(577)
Deferred income tax credited directly in Equity	27	762
Business combinations	(3.034)	
Currency translation differences	85	(48)
<i>Less: Deferred income tax from discontinuing operations</i>	(511)	-
Ending balance of deferred income tax of continuing operations, net liability	(9.914)	(7.343)

The deferred income tax assets and liabilities in balance sheet are as follows:

	December 31	December 31
	2007	2006
Net deferred tax asset	4.699	6.274
<i>Less: Deferred income tax asset from discontinuing operations</i>	(511)	-
	4.188	6.274
Net deferred tax liability	(14.102)	(13.617)
	(9.914)	(7.343)

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

The deferred tax assets and liabilities relate to the following:

	Balance sheet		Income statement	
	2007	2006	2007	2006
Deferred income tax assets				
Provision for:				
-Environment rehabilitation	3.117	2.781	(336)	230
-Executive officers' bonus	1.177	1.045	(132)	(215)
-Staff leaving indemnity	2.493	2.402	(91)	(369)
Tax losses	519	2.454	1.935	942
Other	3.298	3.036	(190)	147
Total	10.604	11.718		
Deferred tax liabilities				
Intangible assets	(6.649)	(4.945)	(1.396)	(349)
Tax deductible goodwill	(4.182)	(4.564)	(382)	734
Tangible assets	(3.686)	(4.772)	(980)	(263)
Adjustment of fixed assets to useful life	(5.056)	(4.498)	558	(207)
Other	(434)	(282)	152	(73)
Total	(20.007)	(19.061)		
Net deferred tax liabilities	(9.403)	(7.343)		
<i>Less: Net deferred tax assets from discontinuing operations</i>	<i>(511)</i>	<i>-</i>		
Net deferred tax liabilities from continuing operations	(9.914)	(7.343)		
Deferred income tax charge to the income statement			(862)	577

Deferred tax asset (financial derivatives) of Euro 27 net was credited directly to shareholders' equity due to the fact that it similarly affected shareholders' equity at their initial recognition. Deferred tax liability of Euro 3.034 increased the goodwill derived from new business acquisitions.

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14. 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 of fixed assets		
- Property, plant and equipment (note 16)	22.871	22.238
- Intangible assets (note 19)	2.293	2.373
- Investment property (note 17)	413	413
	25.577	25.024
Total depreciation and amortization of fixed assets of discontinuing operations	702	680
Total depreciation and amortization of fixed assets of Group	26.279	25.704
Depreciation and amortization included in ending inventories and fixed assets value	(415)	(512)
Depreciation and amortization expensed	25.864	25.192

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

15. 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	66.234	58.971
Social security costs	12.655	11.159
Other staff costs	3.515	3.815
Staff leaving indemnities (note 30)	2.170	1.971
Share option plans (note 27)	1.370	428
	85.944	76.344
Payroll cost of discontinuing operations	5.847	5.363
Total payroll cost of Group	91.791	81.707
Payroll cost included in ending inventories and fixed assets	(2.630)	(2.368)
Payroll cost expensed	89.161	79.339

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15. PAYROLL COST (continued)

Key management personnel compensation: Compensation of key management personnel, such as members of the board of directors and executives of the Group, charged within the year ended December 31, 2007 and 2006 were the following:

	December 31 2007	December 31 2006
Board of Directors fees	460	460
Executives salaries (including executive board members)	5.482	4.913
Share option plans	898	251
	6.840	5.624
Board of Directors fees and Executives salaries of discontinuing operations	1.373	1.371
	8.213	6.995

Board of Directors' fees are approved by the Regular Shareholders General Assembly of each company and, as a result, accruals for relevant fees have been provided in the income statements for the year ended December 31, 2007 and 2006.

16. PROPERTY, PLANT AND EQUIPMENT

During the impairment test process of its fixed assets, the Group concluded that due to the increased costs in the international markets, the net book value of specific tangible and intangible assets of Harmin (Liaoning) Mining Co. Ltd., which belongs to Industrial Minerals segment, is not expected to be fully recovered and therefore, it recognized an impairment loss in the income statement totalling to Euro 1.062 (note 10), out of which Euro 653 refers to tangible assets and Euro 409 to intangible assets (note 19). As a result, these fixed assets are currently recorded in their recoverable amount through their value in use which has been calculated with the use of future cash flows based on the Group discount rates.

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Ores – Mines and Land	Buildings	Machinery	Transportation Means	Furniture and Fixtures	Construction in Progress	Total
Cost							
January 1, 2006	70.837	81.235	126.280	14.536	19.197	1.701	313.786
Additions	9.007	674	2.312	1.218	1.100	11.024	25.335
Disposals	(278)	(68)	(1.059)	(909)	(224)	(122)	(2.660)
Exchange Difference	(98)	(1.140)	(1.715)	(34)	(87)	(33)	(3.107)
Transfers	(281)	2.664	3.162	241	190	(6.502)	(526)
December 31, 2006	79.187	83.365	128.980	15.052	20.176	6.068	332.828
Additions	12.376	869	3.624	1.568	1.183	10.584	30.204
Disposals	-	(44)	(671)	(1.200)	(160)	-	(2.075)
Business acquisitions	3.263	5.909	14.681	1.489	989	1	26.332
Exchange Difference	(68)	(453)	(1.032)	(28)	(21)	(67)	(1.669)
Transfers	148	1.257	4.856	(3)	179	(6.525)	(88)
PPE of discont. operations	(128)	(1.673)	(292)	(1.400)	(3.336)	-	(6.829)
December 31, 2007	94.778	89.230	150.146	15.478	19.010	10.061	378.703
Accumulated depreciation							
January 1, 2006	29.653	26.621	72.223	9.374	15.057	-	152.928
Additions	9.096	3.245	7.894	973	1.654	-	22.862
Disposals	-	(29)	(948)	(651)	(175)	-	(1.803)
Exchange Difference	(8)	(262)	(1.071)	(18)	(64)	-	(1.423)
Transfers	22	341	(469)	(246)	12	-	(340)
December 31, 2006	38.763	29.916	77.629	9.432	16.484	-	172.224
Additions	9.228	3.468	8.123	1.076	1.626	-	23.521
Disposals	-	(10)	(361)	(648)	(137)	-	(1.156)
Business acquisitions	56	897	5.281	772	707	-	7.713
Exchange Difference	(5)	(85)	(808)	(152)	6	(20)	(1.064)
Impairment loss	-	328	-	120	12	193	653
PPE of discont. operations	-	(602)	(203)	(437)	(2.575)	-	(3.817)
December 31, 2007	48.042	33.912	89.661	10.163	16.123	173	198.074
Net Book Value							
January 1, 2006	41.184	54.614	54.057	5.162	4.140	1.701	160.858
December 31, 2006	40.424	53.449	51.351	5.620	3.692	6.068	160.604
December 31, 2007	46.736	55.318	60.485	5.315	2.887	9.888	180.629

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<u>Mining Land</u>	<u>Mine Development Expenditure</u>	<u>Environment Rehabilitation Expenditure</u>	<u>Exploration and Evaluation Expenditure</u>	<u>Total</u>
<u>Cost</u>					
January 1, 2006	18.976	29.722	4.726	389	53.813
Additions	272	7.153	1.140	-	8.565
Disposals	-	-	(266)	-	(266)
Exchange Difference	-	(54)	-	(12)	(66)
Transfers	-	-	-	(282)	(282)
December 31, 2006	19.248	36.821	5.600	95	61.764
Additions	606	8.919	992	1.182	11.699
Business acquisitions	-	129	-	-	129
Exchange Difference	-	(38)	-	(2)	(40)
Transfers	1	138	1	-	140
December 31, 2007	19.855	45.969	6.593	1.275	73.692
<u>Accumulated Depreciation</u>					
January 1, 2006	10.245	16.838	2.556	-	29.639
Additions	929	7.647	425	95	9.096
Exchange Difference	-	(7)	-	-	(7)
Transfers	14	8	-	-	22
December 31, 2006	11.188	24.486	2.981	95	38.750
Additions	908	7.723	597	-	9.228
Business acquisitions (note 4)	-	56	-	-	56
Exchange Difference	-	(4)	-	(2)	(6)
December 31, 2007	12.096	32.261	3.578	93	48.028
<u>Net Book Value</u>					
January 1, 2006	8.731	12.884	2.170	389	24.174
December 31, 2006	8.060	12.335	2.619	-	23.014
December 31, 2007	7.759	13.708	3.015	1.182	25.664

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17. INVESTMENT PROPERTY

Investment property in the financial statements is analyzed as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
January 1, 2006	14.922	15.598	30.520
December 31, 2006	14.922	15.598	30.520
December 31, 2007	<u>14.922</u>	<u>15.598</u>	<u>30.520</u>
<u>Accumulated depreciation</u>			
January 1, 2006	-	6.363	6.363
Depreciation expense	-	413	413
December 31, 2006	-	6.776	6.776
Depreciation expense	-	413	413
December 31, 2007	<u>-</u>	<u>7.189</u>	<u>7.189</u>
<u>Net Book Value</u>			
January 1, 2006	14.922	9.234	24.156
December 31, 2006	14.922	8.822	23.744
December 31, 2007	<u>14.922</u>	<u>8.409</u>	<u>23.331</u>

Investment property of the Group is leased by third parties companies for the purpose of housing and warehouse storage.

In December 31 2007, the Group was engaged in operating lease contracts of its investment property which expire in various dates until 2014.

Future minimum lease receivables from investment property, under non-cancelable operating lease contracts, as of December 31 2007, are the following:

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

According to the Group's management estimates, there were no indications of either an impairment of the value of investment property or a significant increase in their fair value. Therefore, the Group's management believes that their fair value is similar to the relevant amount as of 31 December 2006, which amounted to Euro 26,7 million approximately.

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18. GOODWILL

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

	<u>Bentonite</u>	<u>Perlite</u>	<u>Fluxes</u>	<u>Total</u>
Balance January 1, 2006	47.012	9.816	17.295	74.123
Exchange Difference	-	-	(475)	(475)
Balance December 31, 2006	47.012	9.816	16.820	73.648
Additions	9.189	-	1.552	10.741
Exchange Difference	-	-	(427)	(427)
Balance December 31, 2007	56.201	9.816	17.945	83.962

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

- Bentonite Division
- Perlite Division
- Continuous Casting Fluxes Division ("Fluxes")

The balance of trademarks as of December 31, 2007 and 2006 amounted to Euro 7.572 and Euro 5.826, respectively, and it is allocated exclusively to Fluxes Division as of December 31, 2006, while in December 31, 2007, it was increased due to the acquisition of Cebo International B.V. which belongs to Bentonite Division (notes 4 & 19).

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

The discount rate applied to cash flow projections for all divisions is, on a pre-tax basis, 9,47% for 2007 and 9,57% for 2006, respectively. For the Bentonite and Perlite Divisions, cash flows beyond the 5-year period are extrapolated using a 2% growth rate for both 2007 and 2006, whereas for Fluxes Division the respective growth rate is 1% for both 2007 and 2006. The minimum average long-term growth rate for the industrial minerals market is approximately 1%. Nevertheless, management is expecting lower levels of growth for the Fluxes market due to the long-term stability of the steel market (Fluxes are significantly affected by fluctuations in the steel market). The impairment tests performed as of December 31, 2007 did not indicate any impairment losses for the specific goodwill amounts.

Key assumptions used for the calculation of the value in use of the cash generating units for 31 December 2007 and 2006: The major assumptions made by the management for the calculation of the cash flow projections used for the impairment testing of fixed assets with indefinite useful life are the following (brief description):

- ***Risk-free return:*** The risk-free return used in the calculation of cost of capital is the yield on a ten-year Greek government bond at the end of 2007.
- ***Budgeted profit margins:*** The budgeted margins of operating profit and EBITDA were determined based on the average actual margins achieved in the last five years, adjusted for expected efficiency improvements.
- ***Raw materials price inflation:*** The basis used to determine the value assigned to the raw materials price inflation is the forecast price indices during the period of the plan for Greece, Europe and the United States where raw materials are mainly sourced from.

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

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19. INTANGIBLE ASSETS

Intangible assets in the financial statements are analyzed as follows:

	<u>Software</u>	<u>Concessions and licenses</u>	<u>Trademarks</u>	<u>Customer lists</u>	<u>Total</u>
Cost					
January 1, 2006	5.912	4.167	5.826	8.717	24.622
Additions	250	319	-	-	569
Disposals	(11)	(51)	-	-	(62)
Exchange Difference	(3)	(151)	-	-	(154)
Transfers	166	391	-	-	557
December 31, 2006	6.314	4.675	5.826	8.717	25.532
Additions	80	523	-	-	603
Disposals	(99)	(8)	-	-	(107)
Business acquisitions (note 4)	104	238	1.746	8.046	10.134
Exchange Difference	(2)	1	-	-	(1)
Transfers	101	(13)	-	-	88
Intangible assets of discont. operations	(540)	-	-	-	(540)
December 31, 2007	5.958	5.416	7.572	16.763	35.709
Accumulated amortization					
January 1, 2006	3.693	2.584	-	1.308	7.585
Amortization expense	1.212	345	-	872	2.429
Disposals	(11)	-	-	-	(11)
Exchange Difference	(97)	(98)	-	-	(195)
December 31, 2006	4.797	2.831	-	2.180	9.808
Amortization expense	936	269	-	1.140	2.345
Disposals	(1)	-	-	-	(1)
Business acquisitions (note 4)	10	5	-	-	15
Impairment loss	-	409	-	-	409
Exchange Difference	(1)	2	-	-	1
Intangible assets of discont. operations	(428)	-	-	-	(428)
December 31, 2007	5.313	3.516	-	3.320	12.149
Net Book Value					
January 1, 2006	2.219	1.583	5.826	7.409	17.037
December 31, 2006	1.517	1.844	5.826	6.537	15.724
December 31, 2007	645	1.900	7.572	13.443	23.560

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20. INVESTMENTS IN ASSOCIATES

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

	December 31 2007	December 31 2006
Laviosa Chimica Mineraria S.p.A.	6.646	6.068
Laviosa Promasa S.A.	756	622
Bentec S.p.A.	615	538
Xinyang- Athenian Mining Co	395	436
SLS Baustoffe GmbH	271	263
Envitec Filtration Technik GmbH	13	-
Dolphin CI S&B Holdings Ltd	0	-
Stollberg & Samil Co. Ltd.	-	3.379
	8.696	11.306

The following table provides additional information for the above associates:

Company	Country	Field of Activity	% Participation		Year Established / Acquired
			2007	2006	
Laviosa Promasa S.A.	Spain	Industrial Minerals	29,52%	29,52%	1997
Laviosa Chimica Mineraria S.p.A.	Italy	Industrial Minerals	35,00%	35,00%	1997
Bentec S.p.A.	Italy	Industrial Minerals	49,95%	49,95%	1999
Xinyang- Athenian Mining Co Ltd. (XAMCO)	China	Industrial Minerals	25,00%	25,00%	1996
SLS Baustoffe GmbH	Germany	Industrial Minerals	49,80%	49,80%	1995
Envitec Filtration Technik GmbH	Germany	Industrial Minerals	25,00%	-	2007
Dolphin CI S&B Holdings Ltd	Cyprus	Real estate	25,00%	-	2007
Stollberg & Samil Co. Ltd.	Korea	Industrial Minerals	-	50,00%	2004

It is noted that for associates Laviosa Promasa S.A. and Bentec S.A., the Parent Company holds a direct participation interest of 20,1% and 23%, respectively, whereas the aggregate interest stated at the above table, is derived indirectly due to the fact that the above mentioned companies are also consolidated at the financial statements of Laviosa Chimica Mineraria S.p.A.

As regards Stollberg & Samil Co. Ltd. at which the Group participates with 50% interest stake, it is noted that due to the change at the decision making process, it is consolidated under the proportionate consolidation method since January 1, 2007. Until December 31, 2006 Stollberg & Samil Co. Ltd was consolidated under the Equity Method.

Since 2007, the Group participates with 25% interest stake in the following newly established entities: a) Dolphin CI S&B Holdings Ltd, a real estate company, located in Cyprus and b) Envitec Filtration Technik GmbH, an industrial mineral activity company, located in Germany.

Dividend income from associates, net of taxes, recognized in the financial statements is as follows:

	December 31 2007	December 31 2006
Laviosa Chimica Mineraria S.p.A.	197	277
Bentec S.p.A	22	23
Laviosa Promasa S.A.	92	79
Xinyang-Athenian Mining Co	32	-
Stollberg & Samil Co. Ltd.	-	211
	343	590

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20. INVESTMENTS IN ASSOCIATES (continued)

At December 31, 2007 and 2006, out of the above amount of dividends, Euro 311 and Euro 590, respectively, were collected. The above amounts were accounted for as a decrease in the investments in associates.

The following table provides condensed information of the associates' balance sheets:

Associate	December 31 2007		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	47.928	28.940	18.988
Laviosa Promasa S.A.	7.569	3.807	3.762
Bentec S.p.A.	5.647	2.973	2.674
Xinyang - Athenian Mining Co	1.686	79	1.607
SLS Baustoffe GmbH	572	27	545
Envitec Filtration Technik GmbH	159	112	47
Dolphin CI S&B Holdings Ltd	1.160	1.276	(116)

Associate	December 31 2006		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	44.341	26.496	17.845
Laviosa Promasa S.A.	7.941	4.675	3.266
Bentec S.p.A.	4.580	2.240	2.340
Xinyang - Athenian Mining Co	1.794	24	1.770
SLS Baustoffe GmbH	582	55	527
Stollberg & Samil Co. Ltd.	10.125	3.367	6.758

Sales revenue of the above associates in their financial statements amounted to Euro 75.272 and Euro 84.575 for the year ended December 31, 2007 and 2006, respectively.

The share of profit from the associates, before taxes, accounted for using the equity method amounted to Euro 1.686 (net of taxes Euro 1.127) and Euro 2.247 (net of taxes Euro 1.391), for the year ended December 31, 2007 and 2006, respectively. It is noted that no guarantees have been provided to the associates.

The following table presents balances due from and due to related parties as at December 31, 2007 and 2006:

	Due from		Due to	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
Laviosa Chimica Mineraria S.p.A.	-	452	-	-
Laviosa Promasa S.A.	333	290	-	1
SLS Baustoffe GmbH	-	28	-	-
Dolphin CI S&B Holdings Ltd (note 24)	351	-	-	-
	684	770	-	1

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20. INVESTMENTS IN ASSOCIATES (continued)

The following table presents sales service income to related parties for the year ended December 31, 2007 and 2006:

	Sales		Other income	
	Year 2007	Year 2006	Year 2007	Year 2006
Laviosa Promasa S.A.	2.020	1.613	-	-
Laviosa Chimica Mineraria S.p.A.	768	970	23	16
SLS Baustoffe GmbH	119	196	-	-
Bentec S.p.A.	-	-	-	8
	2.907	2.779	23	24

The following table presents services received from related parties for the year ended December 1, 2007 and 2006:

	Other Expenses	
	Year 2007	Year 2006
Laviosa Promasa S.A.	10	9
Laviosa Chimica Mineraria S.p.A.	1	-
	11	9

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21. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The Group has a 50% in the joint venture Orykton GmbH, a company incorporated in Germany and the principal activity of which is the processing and supply of industrial minerals. Orykton GmbH in turn controls Harmin (Liaoning) Mining Co Ltd.

Moreover, as fully explained in note 4 above, since May 2007 the Group participates with a 50% interest stake in the jointly controlled group of companies Cebo International B.V. incorporated in the Netherlands.

In addition, as fully explained in notes 3 and 20 above, since January 1, 2007 the Group consolidates proportionately the jointly controlled group of companies Stollberg & Samil Co. Ltd. incorporated in Korea.

The Group's share of consolidated assets, liabilities, income and expenses of the jointly controlled entities at December 31, 2007 and 2006 which are included in the financial statements, are analyzed as follows:

	<u>December 31 2007</u>	<u>December 31 2006</u>
Non current assets	17.132	1.302
Current assets	15.450	1.305
	<u>32.582</u>	<u>2.607</u>
Non current liabilities	3.544	-
Current liabilities	7.952	140
	<u>11.496</u>	<u>140</u>
	<u>21.086</u>	<u>2.311</u>
Sales	28.977	184
Cost of sales	(22.673)	(254)
Administrative expenses	(1.763)	(361)
Selling expenses	(2.214)	-
Other income /(expense), net	(374)	-
Financial income /(expense), net	148	13
Profit / (loss) before taxes	<u>2.101</u>	<u>(418)</u>
Income tax	(998)	156
Minority interests	532	68
Net profit / (loss)	<u>1.635</u>	<u>(194)</u>

The jointly controlled entities have commitments from operating lease contracts of Euro 3,3 million approximately (Group share), which are included in the amounts disclosed in note 38 which follows. There are no other commitments or contingent liabilities associated with these entities.

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21. INVESTMENTS IN JOINTLY CONTROL ENTITIES (continued)

The following table presents balances due from and due to the non-consolidated venturers of the jointly controlled entities as of December 31 2007 and 2006:

	Due from		Due to	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
Cebo Internations B.V.	233	-	120	-
Stollberg & Samil Co.Ltd (note 24)	66	32	-	-
Orykton GmbH (note 24)	49	-	-	-
	348	32	120	-

The following table presents sales and purchases to/from the non-consolidated venturers of the jointly controlled entities as of December 31 2007 and 2006:

	Sales		Purchases	
	Year 2007	Year 2006	Year 2007	Year 2006
Cebo Internations B.V.	2.056	-	2.311	-
Stollberg & Samil Co.	92	187	-	360
Orykton GmbH	51	-	-	-
	2.199	187	2.311	360

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22. INVENTORIES

Inventories in the financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Bentonite	31.265	23.393
Perlite	9.459	8.077
Bauxite	5.557	7.885
Other Minerals	13.362	10.993
Continuous casting fluxes	6.723	5.797
Merchandise	9.067	29.861
Consumables and spare parts	7.775	7.343
Advances to suppliers for inventories purchases	2.685	1.789
	85.893	95.138
Less: provision for slow moving inventories	(1.641)	(1.657)
	84.252	93.481

Provision for slow moving inventories is as follows:

	Year 2007	Year 2006
Beginning balance	1.657	1.565
Additions (income statement)	121	394
Provision used	(145)	(257)
Business acquisitions	78	-
Exchange difference	(40)	(45)
Less: provision from discontinuing operations	(30)	-
Ending balance for continuing operations	1.641	1.657

The above provision for slow moving inventories relates mainly to the consumables and spare parts.

23. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable in the financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Trade receivables	71.661	59.502
Post-dated cheques and notes receivable	10.217	14.552
	81.878	74.054
Less: allowance for bad debt	(3.965)	(4.657)
	77.913	69.397

Allowance for bad debts is provided for specific balances that the management considers as doubtful debts.

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23. TRADE ACCOUNTS RECEIVABLE (continued)

The movement of bad debts allowance is as follows:

	<u>Year 2007</u>	<u>Year 2006</u>
Beginning balance	4.657	4.373
Additions (income statement)	547	532
Provision used	(791)	(217)
Business acquisitions	329	-
Exchange difference	(27)	(31)
Less: provision from discontinuing operations	(750)	-
Ending balance	3.965	4.657

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>		
2007	13.026	3.297	2.079	3.031	56.480	77.913
2006	10.654	2.574	2.259	4.075	49.835	69.397

24. OTHER CURRENT ASSETS

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
VAT receivable	6.156	8.944
Derivative financial assets (note 33)	1.871	153
Deferred revenues	1.269	1.395
Prepaid expenses	1.261	1.044
Other taxes receivable	995	780
Advances and prepayments	488	762
Receivables from related parties (notes 20 & 21)	466	-
Restricted cash (note 4)	895	-
Other current assets	3.334	2.957
	16.735	16.035

25. CASH AND CASH EQUIVALENTS

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
Time Deposits	158	17.026
Sight Deposits	14.215	16.423
Cash	937	334
	15.310	33.783

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25. CASH AND CASH EQUIVALENTS (continued)

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

	December 31 2007	December 31 2006
- Euro	6.955	18.345
- Other currencies	8.355	15.438
	15.310	33.783

Interest income from time and sight deposits accounted for in the fiscal year they relate and for the year ended December 31, 2007 and 2006 amounted to Euro 969 and Euro 832, respectively. Bank deposits bear variable interest rates based on the current interbank market conditions.

26. SHARE CAPITAL (in this note all amounts expressed in Euro)

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

On May 10, 2006 the Board of Directors of the Parent Company decided and the Shareholders' General Assembly held on June 1, 2006 approved, a share capital increase by Euro 72.230,00 (72.230 new common shares of par value of Euro 1,00 each), in order to grant these shares with no consideration to the executives of the Group as a part of their performance-related compensation scheme (equivalent amount of Euro 635.624,00). As the Executives rendered the respective services in the year ended 2005, this equivalent amount was accrued in the year ended December 31, 2005. Upon the receipt of the new shares from the executives (after the approval by the proper Administrative Authorities) at July 5, 2006, the relevant provision was capitalized through its transfer to the accounts of "Share capital" and "Share premium".

The above mentioned change in the share capital of the Parent Company took place at June 16, 2006.

On December 6, 2006, the Board of Directors of the Parent 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 Group in 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 Parent Company amounted to Euro 30.651.335,00 comprised of 30.651.335 authorized common shares of par value Euro 1,00 each.

On May 16, 2007 the Board of Directors of the Parent Company decided and the Shareholders' General Assembly held on May 31, 2007 approved share capital increase by Euro 59.660,00 (59.660 common shares of par value of Euro 1,00 each), in order to grant these shares with no consideration to the executives of the Group as a part of their performance-related compensation scheme (equivalent amount of Euro 625.833,40). As the Executives rendered the respective services in 2006, this equivalent amount was accrued in the year ended December, 2006. Upon the receipt of the new shares from the executives (after the approval by the proper Authorities) at June 21, 2007, the relevant provision was capitalized through its transfer to the accounts of "Share capital" and "Share premium".

On December 6, 2007, the Board of Directors of the Parent 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 Group in the context of the stock option granted to employees properly and 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 "Share premium".

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26. SHARE CAPITAL (continued)

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

The weighted average number of shares for the year ended December 31, 2007 and 2006 is as follows:

	December 31	December 31
	2007	2006
Number of shares of Parent Company at year end	30.876.660	30.651.335
Effect to the weighted number of shares from:		
Exercised stock options	(153.700)	(183.278)
Distribution of shares to executives	(17.898)	(20.581)
Basic weighted average number of shares in the year	30.705.062	30.447.476
Stock options that may be exercised in the future	216.551	100.448
Diluted weighted average number of shares in the year	30.921.613	30.547.924

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

Stock Option Plans to members of the Board of Directors and Executives

Stock options are awarded to members of the Board of Directors and certain executives of the S&B group. The total number of options awarded is approved by the Annual General Meeting. The number of options granted 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 as follows:

- 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 Shareholders' 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 5 years following the year they were awarded.
- Options are not tradable or transferable.

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
Total stock options outstanding at the beginning of the year	<u>344.655</u>	<u>435.890</u>
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	<u>299.290</u>	<u>344.655</u>

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

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
Stock options vested - outstanding at the beginning of the year	<u>110.655</u>	<u>160.550</u>
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	<u>(6.400)</u>	<u>(3.900)</u>
Stock options vested - outstanding at the end of the year	62.290	110.655
Stock options to be vested in forthcoming years	<u>237.000</u>	<u>234.000</u>
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:

<u>Year of vesting</u>	<u>No. of share options</u>	<u>Exercise Price</u>	<u>No. of share options</u>
- 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.

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

	<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 and 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.

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

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	<u>382</u>	<u>350</u>

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
	<u>1.305</u>	<u>1.540</u>
Increase in share capital	166	197
Increase in share premium	1.139	1.343
	<u>1.305</u>	<u>1.540</u>

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 income statement.

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

- 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 income statement.

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

Range of prices

Vesting period (years)	2 – 4
Share price on award date of 2006 (Euro)	8,84
Share price on award date of 2007 (Euro)	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 Parent 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 23, 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 23, 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 31, 2007, the vesting probability has been reexamined with 95.635 CSRs now expected to vest and a total value of Euro 741.

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

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

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

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

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

Share Appreciation Rights (SARs)

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

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

<u>No. of SARs</u>	<u>Exercise price</u>
216.000	€ 10,00
72.000	€ 11,70

- The 216.000 SARs vest by 72.000 SARs 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 under which 8.165 SARs were awarded at an exercise price of Euro 12,00. The amount of this compensation is connected to the Parent Company's share price (Share Appreciation Rights – SAR) and is settled in cash for certain subsidiary executives.

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**27. SHARE BASED PAYMENTS TO MEMBERS OF THE BOARD OF DIRECTORS AND
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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 in the year	8.165	288.000
Total SAR outstanding at the end of the year	<u>296.165</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	72.815	-
SARs vested - outstanding at the end of the year	<u>72.815</u>	-
SARs to vest in forthcoming years	223.350	288.000
Total SARs outstanding at the end of the year	<u>296.165</u>	<u>288.000</u>

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

	No. of SARs
Year of vesting:	
- 2008	74.450
- 2009	74.450
- 2010	74.450
	<u>223.350</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)	3,0 – 6,8
5-year risk-free interest rate (%)	4,04 – 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 576 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:

	December 31 2007	December 31 2006
Provision for SAR at the beginning of the year	<u>167</u>	<u>-</u>
Current year's charge to the income statement	576	167
Provision for SAR at the end of the year	<u>743</u>	<u>167</u>

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28. OTHER RESERVES

Reserves in the financial statements are analyzed as follows:

	December 31 2007	December 31 2006
Tax-free and specially taxed reserves	66.160	69.436
Legal reserve	9.867	9.149
Special reserves	7.833	8.224
Revaluation reserves from participation and securities	2.825	2.825
Extraordinary reserves	355	346
	87.040	89.980

The majority of the above reserves relates to Parent Company and Greek subsidiaries. Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed throughout the life of the company.

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.

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 most significant movements of the above mentioned reserves within 2007 relate to:

- legal reserve allowance created by various subsidiaries amounting to Euro 718
- distribution of tax-free reserves / specially taxed reserves by the Parent Company amounting to Euro 2.321 (net of related taxes of Euro 773, note 29)
- transfer to retained earnings of reserves created in the past, by a subsidiary, in accordance with the provisions of L.3220/2003 amounting to Euro 229.

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29. DIVIDENDS

(in this note all amounts are expressed in Euro)

Under Greek corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve. The non-distribution of dividends requires the unanimous consent of all Parent Company's shareholders. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

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

On June 14, 2006 the Parent Company's Regular General Assembly approved the dividend distribution of Euro 8.203.078,00 (Euro 0,27 per share), amount which was fully paid to the Parent Company's shareholders on June 14, 2006.

On May 31, 2007 the Parent Company's Regular General Assembly approved dividend distribution of Euro 9.195.401,15 (Euro 0,30 per share), out of which Euro 6.874.990,37 and Euro 2.320.410,78 (net of related taxes of Euro 797.696,14) came from retained earnings and tax-free/specially taxed reserves, respectively. The above amount was fully paid to the Parent Company's shareholders on June 12, 2007.

The financial statements of the year 2007 were approved by the Board of Directors of the Parent Company in a meeting held on March 13, 2008. The Board of Directors proposed a dividend for the year 2007 which amounts to Euro 9.571.764,60 (Euro 0,31 per share) which is included in the equity of December 31, 2007 and is not reflected as a liability on the balance sheet. Out of the previously mentioned dividend, Euro 4.840.000,00 is coming from equity reserves taxed in a special way, for which an additional income tax of Euro 733.333,34 will be paid and recognized in the financial statements during 2008.

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

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30. PROVISION FOR STAFF LEAVING INDEMNITIES

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

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

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

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

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

	December 31 2007	December 31 2006
Net liability at beginning of the year	15.929	14.934
Benefits paid:		
-for continuing operations	(1.234)	(1.027)
-for discontinuing operations	(36)	-
Total benefits paid by the Group	(1.270)	(1.027)
Expense recognised:		
-for continuing operations (note 15)	2.170	1.971
-for discontinuing operations	122	-
Total expense recognized in the income statement	2.292	1.971
Exchange difference	(12)	(9)
Capitalized expenses	98	60
Business combinations	132	-
<i>Less: Net liability at end of year from discontinuing operations</i>	<i>(927)</i>	<i>-</i>
Net liability from continuing operations at year-end	16.242	15.929

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30. PROVISION FOR STAFF LEAVING INDEMNITIES (continued)

International firms of independent actuaries evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2007 and 2006 have as follows:

	December 31 2007	December 31 2006
<u>Reconciliation of net liability benefit obligation</u>		
Present value of actuarial liability at the beginning of the year	20.444	18.235
<i>Less: Present value of actuarial liability at the beginning of year from discontinuing operations</i>	<i>(1.084)</i>	<i>-</i>
Service cost	822	805
Interest cost	794	699
Past service cost arising over last period	29	1.657
Benefits paid	(1.234)	(1.027)
Additional cost of extra benefits	162	159
Actuarial loss / (gain)	(986)	(75)
Business combinations	132	-
Foreign exchange differences	(12)	(9)
Present value of actuarial liability at the end of the year	19.067	20.444
Unrecognized actuarial loss	(1.524)	(2.977)
Unrecognized service cost	(1.301)	(1.538)
Net liability in balance sheet	16.242	15.929
<u>Components of income statement charge</u>		
Service cost	822	805
Interest cost	794	699
Amortization of unrecognized actuarial loss	227	203
Amortization of unrecognized service cost	266	119
Regular charge to income statement	2.109	1.826
Additional cost of extra benefits	159	205
Capitalized expenses	(98)	(60)
Total charge to income statement	2.170	1.971
<u>Principal assumptions</u>		
Discount rate	4,8%-5,2%	4,5%
Rate of personnel compensation increase	3%-5,5%	3%-5,5%
Average future working life (in years)	14,22-18,49	14,39-19,36

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

Employees' contributions to Social Security defined contribution plans: The Group has paid to Social Security funds for the year ended December 31, 2007 and 2006 Euro 12.100 and Euro 10.655 respectively. These contributions are recognized in the income statement as incurred.

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31. PROVISION FOR ENVIRONMENT REHABILITATION

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
Balance at the Beginning of the Year	13.205	12.747
-Additional provision	790	702
-Change in future outflow for depleted mines (income statement)	741	108
-Change in future outflow for active mines (tangible assets)	992	874
-Re-estimation of provision	(308)	(142)
-Business combinations	511	-
-Foreign exchange differences	17	-
-Utilization of provision (payments)	(1.334)	(1.084)
Balance at the End of the Year	14.614	13.205

32. INTEREST BEARING LOANS AND BORROWINGS

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

	<u>December 31 2007</u>	<u>December 31 2006</u>
Bond loan (Law 3156/2003)	113.000	75.000
Syndicated loan (Euro 90 million)	-	33.175
Syndicated loan (Euro 75 million)	75.000	75.000
Long term loan in Euro	519	519
Long term loan in INR	846	1.668
Long term loans in other currencies	12	-
	189.377	185.362
Loan expenses	(525)	(675)
Less: current portion of long term loans and borrowings	(15.988)	(34.009)
	172.864	150.678

- **Bond loans (L. 3156/2003):** Within June 2005 the Parent 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 fulfill significant obligations due to third parties, occurrence of materially adverse changes affecting the financial position of the Parent Company, certain events of insolvency, encumbrances and attachments of fixed assets and change of control.

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32. INTEREST BEARING LOANS AND BORROWINGS (continued)

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

Within 2007, the Parent Company concluded three agreements for common bond issues of L. 3156/2003 for restructuring Group debt. Specifically, during March 2007 the Parent Company transacted two Bond issues of Euro 10 and Euro 15 million. During December 2007, the Parent 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.

- **Syndicated loan (Euro 75 million):** On June 2005, the Group concluded a syndicated loan of a total amount of Euro 75 million (with the option to convert it in USD) with floating interest rate (Euribor plus spread), with a tenor of seven years. Drawdown was made in Euro. The loan is repayable in five annual installments. Each of the first four installments will repay 10% of the loan (2008-2011) and the final installment will repay 60% of the loan (2012). The loan can be repaid earlier with no additional charges. The financial covenants relate to minimum ratios of net borrowings to consolidated EBITDA and EBITDA to consolidated net interest payable.

The above bank loan balances approach their fair value since they have floating interest rates and are not traded in a secondary interbank market. For the above loans there are no pledges or other guarantees. The weighted average interest rate of long term loans for the year ended December 31, 2007 and 2006 is 5,03% and 3,86%, respectively.

In addition, the Group has concluded a loan of INR 218,8 million which is repayable in nine semi-annual equal installments (commencing on November 2004 to November 2008). The weighted average interest rate of long term loan in INR for the year ended December 31, 2007 and 2006 was 8,00% and 7,08%, respectively.

Total interest expense of long-term borrowings for the year ended December 31, 2007 and 2006 amounts to Euro 9.888 and Euro 7.385, respectively.

With respect to the above loans the table below presents the future payments as of December 31, 2007 and 2006:

	<u>December 31</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
Within one year	15.988	34.009
2-5 years	173.389	61.353
More than 5 years	-	90.000
	<u>189.377</u>	<u>185.362</u>

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33. DERIVATIVE FINANCIAL INSTRUMENTS

Financial derivatives in sea freights

The Group 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 Group 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 Group 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 Group defined this part of freight costs that refer to specific sea routes (North American east coast, west Mediterranean, and 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 Group bought a Forward Freight Agreement ("FFA") in the Supramax index by which the Group pays fixed prices of the Supramax index and receives floating prices. The FFA commences at January 1, 2008 and matures at December 31, 2008. The Group concluded the above FFA in order to offset part (approximately 40%) of the forecasted "Relevant exposure in sea freights" for the fiscal 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 fiscal year 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 Group, 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 24).

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33. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table presents the total movement of derivative financial instruments for the year ended December 31, 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	(3)	3	-
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	(1)	1	-
Effect in retained earnings as of January 1, 2006	<u>42</u>		
Effect in current year's income statement		<u>1.829</u>	
Financial instruments assets (notes 11 & 24)			<u>1.871</u>
Financial instruments liabilities (note 36)			<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	(163)	273	110
Cross currency swap	(232)	229	(3)
Effect in equity	<u>(395)</u>	<u>502</u>	<u>107</u>
Financial instruments that do not qualify for hedge accounting			
Interest rate option	(18)	61	43
Other	(23)	22	(1)
Effect in retained earnings as of January 1, 2005	<u>(41)</u>		
Effect in current year's income statement		<u>83</u>	
Financial instruments assets (note 24)			<u>153</u>
Financial instruments liabilities (note 36)			<u>(4)</u>

The above amounts are net of deferred taxes.

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34. TRADE ACCOUNTS PAYABLE

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

	December 31 2007	December 31 2006
Suppliers	31.122	45.030
Freights payable	2.045	990
Customers advances	1.103	447
	34.270	46.467

35. SHORT TERM BORROWINGS

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

	December 31 2007	December 31 2006
Short term loans	1.180	4.690
Overdrafts	23.573	2.451
Used amount	24.753	7.141

The above loans are analyzed as follows:

	December 31 2007	December 31 2006
Short term loans in Euro	22.338	5.402
Short term loans in Indian Rupee (INR)	1.210	829
Short term loans in Korean Won (KRW)	829	-
Short term loans in Real Brazil (BRL)	376	910
Total	24.753	7.141

As of December 31, 2007 and 2006 the Group has entered into short term loan agreements and overdrafts with floating interest rate (Euribor plus spread for loans in Euro). For the above loans, no guarantees have been provided. The weighted average interest rate of short term loans in Euro, for the year ended December 31, 2007 and 2006 is 5,31% and 4,76%, respectively. The weighted average interest rate of short term loans in INR, KRW and BRL for the year ended December 31, 2007 is 8,26%, 5,50% and 13,20% respectively. Total interest expense for the years ended December 31, 2007 and 2006 amounts to Euro 776 and Euro 332, respectively.

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36. OTHER CURRENT LIABILITIES

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

	December 31 2007	December 31 2006
Bonuses to employees	3.727	3.547
Accrued payroll expenses	4.083	3.220
Taxes and duties	2.932	2.287
Social security	2.192	2.178
Interests accrued	1.430	1.245
Share of profits payable to employees	922	1.014
Board of Directors fees	460	753
Freights accrued	372	372
Derivative financial instruments (note 33)	-	4
Other accrued expenses	2.509	2.714
Other payables	4.853	2.966
	23.480	20.300

37. FINANCIAL RISK MANAGEMENT

The main activities of the Group 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 program is focused on unpredictability of financial markets and seeks to minimize potential adverse effects in the Group's financial position as a whole. Financial risk management is performed by a central Corporate Treasury Department.

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

The Group's main financial instruments consist mainly, apart from derivatives, cash and cash equivalents, trade receivables and trade payables and available for sale investments. As further discussed in Notes 32 and 33, the Group 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. Management periodically controls and revises the relative policies and procedures in connection with financial risk management, which are summarized below:

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

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37. FINANCIAL RISK MANAGEMENT (continued)

on marked to market valuations (discounted cash flow analysis). For all derivatives, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.

(iii) **Liquidity Risk:** The Group manages its liquidity risk by on-going monitoring its cash flows. The Group budgets and follows up its cash flows and appropriately acts for available cash deposits and credit lines with the banks. The unutilized approved credit lines available to the Group are sufficient to cover any financing need. The table below summarizes the maturity profile of the Group's interest bearing borrowings and its estimated interest expense as of December 31, 2007 and 2006:

Interest-bearing loans	Up to 1 year	1-5 years	>5 years	Total
2007	52.834	196.876	-	249.710
2006	49.383	85.567	92.254	227.204

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

2007	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	24.604	6.924	1.490	1.252	34.270
Other current liabilities	1.069	1.601	1.591	277	4.538
	25.673	8.525	3.081	1.529	38.808
2006	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	20.706	17.421	7.748	592	46.467
Other current liabilities	997	2.034	1.855	278	5.164
	21.703	19.455	9.603	870	51.631

Total credit limits of the Group (long term and short term loans) at December 31, 2006 and 2005 are as follows:

	December 31 2007	December 31 2006
Credit limit	305.065	331.019
Less: used amount		
-Long term loans	(189.337)	(185.362)
-Short term loans	(24.753)	(7.141)
-Guarantees (reducing credit lines' availability)	(6.560)	(7.467)
Unused credit limits	84.415	131.049

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37. FINANCIAL RISK MANAGEMENT (continued)

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

Total Group's debt is on a floating basis. As a result, Group interest rate risk arises mainly from changes in Euro interest rates, as Euro denominated debt represents the majority of Group's borrowings. Secondly, interest rate risk arises from changes in others currencies denominated debt (INR, KRW, BRL). The following table demonstrates the sensitivity to a reasonably possible change in interest rates in Euro and other currencies, with all other variables held constant, of the Group's profit before tax for the year ended December 31, 2007 and 2006, respectively:

	Change in basis points	Effect from Euro interest rate changes	Effect from other interest rate changes	Total effect on Profit before Taxes
2007	+20	(428)	(7)	(435)
	(15)	321	5	326
2006	+20	(383)	(7)	(390)
	(15)	288	5	293

- (v) **Foreign exchange risk:** The Group is exposed in foreign exchange risk as it undertakes operations in various foreign currencies. Foreign exchange risk is managed, where necessary, mainly through the use of forward exchange contracts. These derivatives are measured at fair values and recognized as asset or liability in the financial statements

The largest part of foreign exchange risk is attributed to business operations in USD and GBP. The following table demonstrates the sensitivity to a reasonably possible change in the USD and GBP exchange rate, with all other variables held constant, of the Group's profit before tax for the year ended December 31, 2007 and 2006, respectively:

	Change in exchange rate	Effect from USD exchange rate changes	Effect from GBP exchange rate changes	Total effect on Profit before Taxes
2007	+5%	235	36	271
	-5%	(213)	(32)	(245)
2006	+5%	33	79	112
	-5%	(30)	(71)	(101)

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

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37. FINANCIAL RISK MANAGEMENT (continued)

The table below presents ratio results for the years December 31, 2007 and 2006 respectively:

	<u>2007</u>	<u>2006</u>
Long term borrowings	172.864	150.678
Current portion of long term loans and borrowings	15.988	34.009
Short-term borrowings	24.753	7.141
Cash and cash equivalent	(15.310)	(33.783)
Net debt of continuing operations	198.295	158.045
Net Debt of discontinuing operations	12.156	-
Group Net Debt	210.451	158.045
EBITDA of continuing operations	65.704	66.127
EBITDA of discontinuing operations	6.392	-
Group EBITDA	72.096	66.127
Net Debt / EBITDA of continuing operations	3,02	-
Net Debt / EBITDA of discontinuing operations	1,90	-
Net Debt / EBITDA of the Group	2,92	2,39

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38. COMMITMENTS AND CONTINGENCIES

- (a) **Litigations and claims:** The Group is a party to various lawsuits and arbitration proceedings in the normal course of business, for which an amount of approximately Euro 613 and Euro 516 as of December 31, 2007 and 2006 has been provided in the financial statements.
- (b) **Guarantees:** At December 31, 2007 and 2006 the Group has issued letters of guarantee for mining rights and licenses, out of which the most significant relate to the Parent company, for a total amount of Euro 2,8 million and Euro 2,8 million respectively. Total Group guarantees as of December 31, 2007 and 2006 were Euro 4,4 million and Euro 7,5 million, respectively.
- (c) **Environmental issues:**
- Moreover, petitions of reversal had 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 of one among the above petitions 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. Within July 2007 the Council of State issued its decision No 1990/2007 by which the suspension of works is lifted. This decision allows the continuation of the Parent Company's bauxite deposits exploitation in accordance with the environmental conditions determined by the ministerial decision that had been impugned before the Council of State, with the exception of certain, specifically designated deposits. Issuance of the decision No 1990/2007 allows the Company to gradually bring the production and investment program of the bauxite operations back to appropriate levels.
 - 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 Parent 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 Group 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 income statement for the year ended December 31, 2007 and 2006 amounted to approximately Euro 6,6 million and Euro 5,8 million respectively. Future minimum lease payments under non-cancelable operating leases as at December 31, 2007 and 2006 are as follows:

	December 31	December 31
	2007	2006
	(in millions Euro)	
Within one year	6,6	3,5
2-5 years	15,6	12,9
After 5 years	1,3	14,8
	35,2	31,2

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39. SEGMENT INFORMATION

The Group presents segment information for the following business activities (primary information):

- **Industrial Minerals Activities:** include all mining, processing and trading of a variety of industrial minerals and ores. Through these activities providing value-adding industrial solutions for a broad range of applications are provided.
- **Commercial Activities:** include the exclusive distributorship of YAMAHA two-wheelers and marine products in Greece, Romania and Bulgaria via MOTODYNAMICS S.A and the distributorship of Case, Linde and Cummins products through the industrial machinery and equipment trading company, ERGOTRAK S.A.
- **Real Estate Activities:** include the management and development of the Group's real estate assets that have been classified as investment properties and which do not participate in the operations of the other two segments.

The secondary segment information is referred to geographical analyses of sales and total assets of the Group.

Transfer prices between business segments are set on an arm's length basis. Segment revenue, segment expense and segment result include transfers between business segments which are eliminated at consolidation. All business segments apply the accounting principles of the Group.

All business combinations, as referred to in Note 4, to Industrial Minerals Activities segment.

Discontinued operations, as referred to Note 5, are separately disclosed at the segment information analysis and relate to the Commercials segment.

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39. SEGMENT INFORMATION (continued)

<u>2007</u>	<u>Industrial Minerals</u>	<u>Real Estate</u>	<u>Commercial activities</u>	<u>Eliminations (contin.oper.)</u>	<u>Continuing operations</u>	<u>Discontinuing operations</u>	<u>Total Group</u>
<u>Income statement</u>							
Sales	423.298	-	25.756	(316)	448.738	86.667	535.405
Operating Profit before eliminations	39.501	659	664	-	40.824	4.620	45.444
Eliminations between continuing and discontinuing operations	(144)	(926)	-	-	(1.070)	1.070	-
Operating Profit	39.357	(267)	664	-	39.754	5.690	45.444
Financial income/(expense)	(8.900)		(250)	-	(9.150)	(529)	(9.679)
Share of associates profits	1.687	(1)	-	-	1.686	-	1.686
Profit before tax	32.144	(268)	414	-	32.290	5.161	37.451
Income tax	(8.857)	(165)	(314)	-	(9.336)	(1.439)	(10.775)
Net profit / (loss)	23.287	(433)	100	-	22.954	3.722	26.676
Minority interests	117	-	14	-	131	(1.139)	(1.008)
Profit after minority interests	23.404	(433)	114	-	23.085	2.583	25.668
Earnings per share (in Euro)	0,76	(0,01)	0	-	0,75	0,09	0,84
<u>Assets</u>							
Non current assets	295.048	26.595	4.146	-	325.789	5.262	331.051
Current assets	175.736	382	18.442	(350)	194.210	41.251	235.461
	470.784	26.977	22.588	(350)	519.999	46.513	566.512
<u>Liabilities</u>							
Non current liabilities	223.058		1.064	-	224.122	967	225.089
Current liabilities	89.064	112	13.355	(367)	102.164	29.029	131.193
	312.122	112	14.419	(367)	326.286	29.996	356.282
<u>Other information</u>							
Depreciation and amortization	24.313	554	295	-	25.162	702	25.864
Depreciation included in inventories	788	-	-	-	788	-	788
Capital expenditure	26.871	-	1.378	-	28.249	1.131	29.380
Acquisitions	38.821	-	-	-	38.821		38.821

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39. SEGMENT INFORMATION (continued)

<u>2006</u>	Industrial Minerals	Real Estate	Commercial activities	Eliminations (contin.oper.)	Continuing operations	Discontinuing operations	Total Group
<u>Income statement</u>							
Sales	355.396	-	19.476	(257)	374.615	80.986	455.601
Operating Profit before eliminations	34.553	569	773	-	35.895	4.343	40.238
Eliminations between continuing and discontinuing operations	(114)	(906)	-	-	(1.020)	1.020	-
Operating Profit	34.439	(337)	773	-	34.875	5.363	40.238
Financial income/(expense)	(8.037)	-	(85)	-	(8.122)	(159)	(8.281)
Share of associates profits	2.247	-	-	-	2.247	-	2.247
Profit before tax	28.649	(337)	688	-	29.000	5.204	34.204
Income tax	(8.802)	(165)	(225)	-	(9.192)	(1.474)	(10.666)
Net profit / (loss)	19.847	(502)	463	-	19.808	3.730	23.538
Minority interests	(302)	-	(1)	-	(303)	(1.139)	(1.442)
Profit after minority interests	19.545	(502)	462	-	19.505	2.591	22.096
Earnings per share (in Euro)	0,64	(0,02)	0,02	-	0,64	0,09	0,73
<u>Assets</u>							
Non current assets	258.510	27.150	7.441	(33)	-	-	293.068
Current assets	163.468	533	49.261	(566)	-	-	212.696
	421.978	27.683	56.702	(599)	-	-	505.764
<u>Liabilities</u>							
Non current liabilities	196.688	-	1.568	(32)	-	-	198.224
Current liabilities	80.599	157	30.832	(474)	-	-	111.114
	277.287	157	32.400	(506)	-	-	309.338
<u>Other information</u>							
Depreciation and amortization	23.738	558	216	-	24.512	680	25.192
Depreciation included in inventories	697	-	-	-	697	-	697
Capital expenditure	22.156	17	2.859	-	-	-	25.032
Acquisitions	766	-	122	-	-	-	888

S&B Industrial Minerals S.A.

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS THEY HAVE BEEN ENDORSED BY THE EUROPEAN UNION AS OF DECEMBER 31, 2007

(Amounts in thousand Euro, unless otherwise stated)

39. SEGMENT INFORMATION (continued)

The Group's sales per geographical segment have as follows:

	December 31 2007	December 31 2006
Europe	347.148	281.608
Americas	71.001	75.270
Other	30.589	17.737
	448.738	374.615
Discontinued Operations - Europe	86.667	80.986
	535.405	455.601

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

	December 31 2007	December 31 2006
Europe	447.238	450.236
Americas	50.706	44.839
Other	22.055	10.689
	519.999	505.764
Discontinued Operations - Europe	46.513	-
	566.512	505.764

The Group's capital expenditure per geographical segment has as follows:

	December 31 2007	December 31 2006
Europe	25.932	22.870
Americas	1.350	1.456
Other	967	706
	28.249	25.032
Discontinued Operations - Europe	1.131	-
	29.380	25.032

40. OTHER SIGNIFICANT EVENTS OF THE YEAR

- In November 2007, the Group 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 Zaran 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.