



S&B Industrial Minerals S.A.

**Annual Financial Report
for the year ended December 31, 2011**

This Annual Financial Report is prepared in accordance with article 4 of L.3556/2007 and was approved by the Board of Directors of S&B Industrial Minerals S.A. on March 22, 2012. This Financial Report for the year 1.1.2011-31.12.2011 is published on the website in the following address: www.sandb.com and it will be available to the investors for at least 5 (five) years commencing from the date of issue.

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S&B Industrial Minerals S.A.

FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

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**A. BOARD OF DIRECTORS'
STATEMENT**

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

1. Ulysses P. Kyriacopoulos, The Chairman of the Board of Directors
2. Kriton St. Anavlavis, The Chief Executive Officer
3. Alexandros P. Sarrigeorgiou, Director, specifically appointed by the Board of Directors at its meeting on March 22, 2012

WE STATE THAT

To the best of our knowledge:

- a. the Company's and the Group's Annual Financial Statements for the year ended December 31, 2011, which were prepared according to the prevailing Accounting Standards, present fairly the assets, the liabilities, the equity and the results of S&B Industrial Minerals S.A., as well as of the entities included in the consolidation, and that
- b. the Board of the Directors Annual Report presents fairly the development, the performance and the position S&B Industrial Minerals S.A., as well as of the entities included in the consolidation, and it describes the main risks and uncertainties encountered.

**The Chairman of the Board of
Directors**

**The Chief Executive
Officer**

The Director

Ulysses P. Kyriacopoulos

Kriton St. Anavlavis

Alexandros P. Sarrigeorgiou

ID No AH042868

ID No AK061616

ID No AE 586794

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

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FISCAL YEAR 2011

Group results summary

In 2011, total consolidated sales for S&B Industrial Minerals (“S&B” or the “Group”) amounted to € 455,7 million, which represents an increase of 8,5% (*) compared to € 420,1 million in 2010. Profitability improved, enabled considerably by the recovery in production of our bauxite operations, and as a result, EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) increased by 13% to € 67,6 million from € 59,8 million in 2010. Operating profit of € 39,6 million increased by 43,4% from € 27,6 million in 2010 and net profit attributable to shareholders of € 20,6 million increased by 57% compared to € 13,1 million in the prior year.

€ 000s	Full Year 2011	Full Year 2010	% Change
Net Sales	455.720	420.134	8,5%
EBITDA	67.566	59.817	13,0%
Operating profit	39.601	27.611	43,4%
Profit before tax	31.960	21.758	46,9%
Net profit ¹	20.617	13.133	57,0%
EPS ²	0,4034	0,2563	57,4%

¹ Net profit attributable to shareholders

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

Business developments and financial performance

Our Group’s performance in 2011 was one of the best in its history with revenues matching our previous historical high in 2008 and earnings nearing our previous high in 2007. Although volumes still remain lower than pre-crisis levels, our improved pricing and cost reduction actions in recent years, combined with the significant recovery of our bauxite business, and enabled us to achieve an enhanced financial performance. Demand was broadly favorable in our market segments although it moderated in the second half of the year tracking the economic concerns related to global growth. Global steel production achieved record output for the year with a favorable effect for our metallurgical segments. However, steel production output varied by region and decelerated considerably during the second half of 2011 in Europe, one of our key geographies. Global automotive production increased by an approximate 4% driving strong demand in the foundry segment. In the U.S.A. and Western Europe automotive production increased significantly, however with the exception of Germany it decreased in the EU Industrial production excluding construction was broadly favorable and grew during 2011 both in Europe and the US. Despite a moderation in the last quarter of the year, it led to a strengthened business overall for our Group. The construction markets were subdued for yet another year, showing however, a mixed picture by region in 2011. In our key areas of interest, namely Europe and the U.S., construction activity was mainly weak whereas in China it recorded high growth. Although we realized slight performance improvements in specific sectors within the construction markets and a strong performance in China, we were not able to offset the impact from the poor activity in South Europe. From a broader

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

economic perspective, economic developments in our Greek domestic market were immensely adverse, though with no material effect on our business, as less than 7% of Group revenues is generated in Greece.

In terms of revenue by Division, Bentonite sales in 2011 increased by 9,7% to € 208,8 million compared to € 190,4 million in 2010. Demand from the key foundry segment was strong in the key European and particularly the North American regions, but also in the Middle East following our recent investments in Turkey to extend our operational capabilities. As a result we achieved double digit revenue growth in all metal casting regions we serve. The drilling and civil engineering segments also performed very well, reflecting an upturn in oil and gas output and our entry into civil engineering projects in North America, respectively. The performance from these two segments helped us to offset declines in iron ore pelletizing and pet litter absorbents segments.

The Perlite Division achieved sales of € 67,7 million in 2011 versus € 66,2 million in the prior year, an increase of 2,3%. In a stagnant North American construction market marginal improvement was recorded aided by the exports of our local customers. In Europe, robust demand for building materials from Central European countries helped to partially offset the severe adverse impact from Southern European countries and especially Greece. The construction related performance in China was particularly strong and contributed positively to profitability, offsetting a broadly stable horticulture segment.

The performance of the Bauxite Division was a key highlight in 2011, as production returned gradually through the year to satisfactory levels, recording a substantial increase of 58% compared to 2010. This was a key enabler for efficiently serving strong demand in both the alumina and cement segments and achieving revenue of € 36,7 million, an increase of 15,8% from € 31,7 million in 2010. Of greater importance, the attainment of the required production output had a very favorable impact on costs and profitability, both for the division and for our Group overall. It should be noted that mention to the Bauxite Division refers to the total of Bauxite activity included in Continuing and Discontinuing operations (see Notes 5 & 40).

In Continuous Casting Fluxes, the correlation between steel production and casting fluxes drove revenue growth in full alignment to global steel production growth. Revenue of € 100,4 million achieved in 2011, was 6,9% higher compared to € 93,9 million in 2010. The key geographic regions contributing to this growth were Eastern Europe, South America and Southeast Asia, offsetting a softer performance from Western Europe where steel production decelerated during the second half of the year.

The Minerals Trading division achieved revenues of € 40,5 million, which represent an increase of 10,1% compared to 2010. In the glass & ceramics segments we realized solid revenue growth as a result of high demand and the development of new business for new applications. On the contrary, the refractories segment experienced a decline which was partially offset by the optimization of our customer mix towards higher value applications.

Consolidated Group revenue amounted to € 455,7 million for the year, which represents an 8,5% increase compared to € 420,1 million in 2010. The revenue increase was delivered through marginally higher sales volumes versus 2010, a more favorable product mix and improved pricing. In terms of costs, we faced inflationary headwinds for certain raw materials and for energy. Crude oil prices were on average higher by approximately 40% during 2011 compared to 2010, adversely impacting production costs and eliminating the benefits we would otherwise have realized from lower ocean freight rates. The latter were on average lower by 36% in 2011 compared to 2010. Part of the input cost and production cost pressure was mitigated through our pricing initiatives while the increase we achieved in bauxite production output contributed significantly to the containment of our cost of goods sold. In addition, in accordance with the provisions of the International Financial Reporting Standards (IFRS 5), the depreciation related to our bauxite operations in Greece ceased for approximately two months following our announcement on November 8th, 2011 for the gradual disposal of this activity. Gross profit increased by 19% in the year to € 111,1 million and gross margin expanded by a substantial 220 basis points from 2010.

Selling, General & Administrative (SG&A) expenses remained stable at € 69,6 million, despite the recognition of an impairment loss related to perlite operations in Spain stemming from the slowdown of the domestic industries served. Total impairment amounted to € 1,8 million, of which € 1,1 million is included in SG&A expenses. Net operating expenses increased by approximately 9% to € 71,5 million in 2011 from € 65,8 million in 2010, reflecting the recognition in Other Expenses of € 0,4 million related to the aforementioned impairment, € 1,1 million for the write-down of investment land in Greece from its historic cost to its current fair value and € 3,5 million related to the adverse conclusion of an arbitration claim by a third party customer for breach of contractual obligations, which resulted from the permitting issues we had faced in our bauxite operations during the previous two years. Despite the recognition of these non-recurring items, SG&A expenses remained at the level of 2010, while Net Operating expenses increased by 8,7% in line with revenue growth of 8,5%, providing evidence of our continued focus on cost control and contributing favorably to margin increase. During 2011, EBITDA and operating margins improved by 60 and 210 basis points, respectively, compared to the previous year. As a result, EBITDA of € 67,6 million and operating profit of € 39,6 million, grew ahead of revenue growth, with increases of 13% and 43,4%, respectively, compared to 2010.

Net financial expenses were higher by 28% compared to 2010 at € 8,8 million from € 6,8 million, with this variance being fully attributed to net interest expense which amounted to € 6,4 million in 2011 from € 4,3 million in 2010. More than two thirds of this increase is the result of higher interest rates and the rest is related to an increase in average net debt during the year:

- a) Group's average net debt increased to € 131,3 million at the end of 2011 from € 113,9 million at the end of 2010
- b) the average Euribor 3 month rate was higher by 60 basis points at 1,39% during 2011 compared to 0,81% during the previous year.

Profit before tax of € 32 million increased by 46,9% in 2011 from € 21,8 million in 2010.

The Group's effective tax rate for 2011 decreased to 35,7% compared to 40,8% in 2010 due to the parent company's marginal profitability and the reduction in the nominal tax rate in Greece to 20% from 24% in 2010. Both factors combined have a favorable impact on the Group's mix of taxable profits. However, the Group's effective tax rate is also affected by the aggregation of the nominal tax rates of the various subsidiaries consolidated, the various permanent differences and one-off tax items.

Net profit attributed to shareholders of the Group in 2011 amounted to € 20,6 million compared to € 13,1 million in 2010, representing a substantial 57% increase.

Working capital (current assets excluding cash minus current liabilities excluding short-term borrowings) increased by € 6,2 million to € 81,8 million at the end of 2011 from € 75,7 million at the end of 2010. This variance represents an increase of 8,1% compared to the previous year, which is in line with sales growth. However, it should be noted that it includes a significant € 10 million VAT receivable from the Greek state, the total of which amounts to more than € 18 million and is beyond our control. The remaining € 8 million of VAT receivable is classified as non-current asset in 2011. Investments in 2011 were significantly higher compared to 2010, fully in line with our plans. With half of our capital investments related to the increase of bauxite production, total net capital expenditure reached € 40,3 million in 2011, increased by 65,8% compared to the previous year. Besides the required increase in bauxite production, our investment spend was primarily related to bentonite mine development needs in the U.S. and the building of new perlite processing facilities related to our recent joint venture in Turkey. Higher capital expenditure and the increase in working capital offset the increase realized in EBITDA, and as a result, pre-tax operating free cash flow for the year was € 9,8 million compared to € 26,2 million in 2010. Furthermore, cash generation was adversely impacted by higher income taxes paid, increased financial expenses and a higher shareholder return compared to 2010. In relation to all aforementioned funding requirements and especially the significant € 18 million VAT receivable from the Greek state, at the end of 2011 our net debt position increased by € 19,2 million to € 132,1 million. However, due to stronger profitability our Net debt to EBITDA ratio is almost stable at 1,95x compared to 1,9 at the end of 2010. During 2011, € 16 million of interest - bearing loans were repaid. Moreover, we refinanced a € 20 million bond loan that matured in March 2011 with a two year term maturing in March 2013 and we issued in June 2011 a new common bond loan of € 20 million with a two year tenor.

Despite the delivery of solid results on a consolidated Group level, due to the reported net loss of the parent company, S&B will not be paying an annual dividend for fiscal year 2011 in line with current legislation, though our Board may propose an alternative reward to shareholders at a later time.

Continuing and Discontinuing Operations

On November 8, 2011, we announced jointly with Mytilineos Holdings S.A. the attainment of an initial agreement for the gradual acquisition of S&B's bauxite operations in Greece by Mytilineos' fully owned subsidiary Aluminium S.A. The initially agreed price for this transaction is € 61,1 million and is to be confirmed upon completion of a financial, legal, tax and technical due diligence process. Upon the successful completion of the due diligence process, a detailed procedure, the terms and the relevant timeline for the gradual transfer of our bauxite operations to Aluminium S.A. will be established. The initial agreement foresees the divestment, contribution to and absorption of the Group's bauxite activity in Greece by Delphi Distomon (D.D.), a fully-owned subsidiary of Aluminium S.A. engaged in bauxite production. At that stage, S&B will become a shareholder in the resulting structure (New D.D.). Thereafter, Aluminium S.A. will gradually acquire S&B's contributed share, such that, its own share initially reaches a 51% participation in New D.D. and acquire the remaining 49% gradually, over the following 30-month period.

In accordance with the provisions of IFRS 5, at December 31, 2011 S&B's bauxite operations in Greece and "Greek Helicon Bauxite S.A.", a fully-owned subsidiary of the Parent Company, were classified as a discontinuing operation.

€ 000s	Continuing Operations			Discontinuing Operations		
	Full Year 2011	Full Year 2010	% Change	Full Year 2011	Full Year 2010	% Change
Net Sales	422.787	391.639	8,0%	32.933	28.495	15,6%
EBITDA	63.318	57.925	9,3%	4.248	1.892	124,5%
Operating profit	43.386	37.700	15,1%	(3.785)	(10.089)	62,5%
Profit before tax	36.438	32.530	12,0%	(4.478)	(10.772)	58,4%
Net profit ¹	25.221	23.612	6,8%	(4.604)	(10.479)	56,1%
EPS ²	0,4935	0,4609	7,1%	(0,0901)	(0,2045)	55,9%

¹ Net profit attributable to shareholders

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

Continuing operations summary

Continuing operations reflect the performances of the Bentonite, Perlite, Continuous Casting Fluxes and Minerals Trading Divisions, as well as, bauxite operations in Sardinia, Italy. Market trends and revenue commentary for each of these Divisions have been discussed above.

Consolidated revenue of continuing operations amounted to € 422,8 million in 2011, which represents an 8% increase compared to € 391,6 million in 2010. Sales volumes were only slightly above the level of 2010 and therefore the revenue increase is primarily the result of a much better product mix and improved pricing. Costs in 2011 were significantly higher than in 2010. Indicatively, crude oil prices were on average higher by approximately 40% during 2011 compared to 2010. Higher energy costs drove higher production costs but also high increases in certain raw materials (resins, packing materials) used in various production processes. Other raw materials such as coal and graphite, increased significantly as a result of shortages and supply-demand dynamics. Ocean freights were on average lower by 36% in 2011 compared to 2010. However, this was offset by the higher oil prices which are a constituent of total ocean freight cost. In total, cost of goods sold increased by 8,7% resulting in a 5,9% growth in gross profit which came to € 109,1 million together with a broadly stable gross margin compared to 2010.

Selling, General & Administrative (SG&A) expenses were reduced by 2,4% at € 67,1 million, despite the recognition of an impairment loss related to perlite operations in Spain stemming from the slowdown of the domestic industries served. Total impairment amounted to € 1,8 million, of which € 1,1 million is included in SG&A expenses. Net operating expenses remained at the prior

year level at € 65,7 million, reflecting the recognition in Other Expenses of € 0,4 million related to the aforementioned impairment, as well as € 1,1 million for the write-down of investment land in Greece from its historic cost to its current fair value. Despite the recognition of these non-recurring items, the reduction of SG&A expenses and the containment of Net Operating expenses to the previous year's level are evidence of our continued focus on cost control and have resulted in solid profitability growth. During 2011, EBITDA and operating profit increased by 9,3% and 15,1% compared to 2010, at € 63,3 million and € 43,4 million, respectively. Furthermore, EBITDA and operating margins improved by 20 and 70 basis points, respectively, compared to 2010.

Net financial expenses were higher by 31,1% compared to 2010 at € 8,1 million from € 6,2 million, with this variance being fully attributed to net interest expense which amounted to € 6,4 million in 2011 from € 4,3 million in 2010. More than two thirds of this increase is the result of higher interest rates and the rest is related to an increase in average net debt during the year:

- a) the Group's average net debt increased to € 131,3 million at the end of 2011 from € 113,9 million at the end of 2010
- b) the average Euribor 3 month rate was higher by 60 basis points at 1,39% during 2011 compared to 0,81% during the previous year.

Profit before tax of € 36,4 million increased by 12% in 2011 from € 32,5 million in 2010 and net profit from continuing operations attributed to shareholders of the Group in 2011 amounted to € 25,2 million compared to € 23,6 million in 2010.

Working capital for continuing operations (current assets excluding cash minus current liabilities excluding short-term borrowings) increased by € 10,3 million to € 74,5 million at the end of 2011 from € 64,2 million at the end of 2010. While this variance represents a 16% increase compared to the previous year, it should be noted that it includes a significant € 10 million VAT receivable from the Greek state, the total of which amounts to more than € 18 million and is beyond our control. The remaining € 8 million VAT receivable is classified as a non-current asset in 2011. In terms of trade working capital, the increase in 2011 compared to 2010 is 12%, much more in line with the revenue growth of continuing operations. In addition, trade working capital as a percent of sales remained broadly stable at 18,9% in 2011 versus 18,3% in 2010. It is noted that trade working capital consists of inventories, trade receivables (including trade related amounts from the "Due from related parties" account) and trade payables (including trade related amounts from the "Due to related parties" account). Investments of € 20 million for continuing operations in 2011 were higher by approximately 41% compared to 2010, related primarily to bentonite mine development needs in the U.S. and the building of new perlite processing facilities related to our recent joint venture in Turkey. Higher capital expenditure and the increase in working capital offset the increase realized in EBITDA, and as a result, pre-tax operating free cash flow for the year was € 22,2 million compared to € 40,3 million in 2010. Furthermore, cash generation was adversely affected by higher income taxes paid, increased financial expenses and a higher shareholder return compared to 2010. In relation to all aforementioned funding requirements, at the end of 2011 continuing operations contributed to the increase of the Group's net debt position by € 6,7 million.

Discontinuing operations summary

Discontinuing operations incorporate the activities of our bauxite segment in Greece and "Greek Helicon Bauxite S.A." a fully owned subsidiary of the Group parent company.

Consolidated revenue of discontinuing operations in 2011 was € 32,9 million compared to € 28,5 million in 2010, representing an increase of 15,6%. Production increased gradually through the year to satisfactory levels, recording a substantial increase of 58% compared to 2010. This was a key enabler for efficiently serving strong demand in both the alumina and cement segments, without having to resort to third party imports of raw materials, as was the case in 2010. Furthermore, in accordance with the provisions of IFRS 5, the depreciation related to discontinuing operations has ceased for approximately two months, following the announcement on November 8th, 2011 for the gradual disposal of this activity. All factors combined, namely, the increased production, the elimination of third party raw material imports and the lower depreciation, contributed to a significant increase in gross profit, which amounted to € 2 million in 2011 from losses of € 9,6 million in 2010. SG&A expenses increased by 69% to € 2,5 million from € 1,5 million in 2010 reflecting higher third party costs due to the increased production. However, net operating expenses amounted to € 5,8 million compared € 0,5 million in 2010. This significant increase includes, in Other Expenses, € 3,5 million related to the adverse conclusion of an arbitration claim by a third party customer for

breach of contractual obligations, which resulted from the permitting issues we had faced in our bauxite operations during the previous two years.

Profit before tax of discontinuing operations recorded a loss of approximately € 4,5 million compared to losses of € 10,8 million in 2010.

Significant Events

New CEO appointment

On April 4, 2011 S&B's Board of Directors unanimously approved the election of Mr. Kriton Anavlavis, former Group Chief Financial Officer, as a new member to the Board and Chief Executive Officer (CEO) of the Company. Mr Anavlavis replaced the non-executive Honorary Chairman of the Board, Mrs Aikaterini Kyriacopoulos, who resigned. His election was ratified by the AGM on June 1st 2011 and he assumed the duties of CEO for an initial period of five years. Our Board's decision reflects our organization's commitment to leadership development, fostering internal talent opportunities for growth, advancement and continuous learning to manage change and succession planning. It also demonstrates the trust and respect of our Board for high-level knowledge of our business, loyalty and assurance of timely and smooth leadership transitions.

New Board of Directors & new members to the Audit Committee

On June 1st 2011, the AGM elected a new Board of Directors as the 3-year term of the previous Board expired. The newly elected Board has a 3 year term, is more flexible, comprising 12 instead of 15 members previously and it includes one new member and seven independent non-executive members according to article 3 of L. 3016/2002. The AGM also approved the election of new members of the Audit Committee as per article 37 of L. 3693/2008.

Cancellation of treasury shares

The AGM of June 1st 2011 resolved, among other topics, to decrease the total number of shares from 51.782.200 to 51.110.687 ordinary registered shares, by cancelling 671.513 treasury shares representing 1,3% of issued capital, according to article 16 of C.L. 2190/1920. The said treasury shares were acquired during the period from June 6, 2008 until January 12, 2011, based on the resolutions of the Company's AGM's of May 14th 2008 and June 17th 2010. After the cancellation of the treasury shares, the Company's share capital stands at € 51.110.687,00 divided into 51.110.687 ordinary registered shares, of nominal value € 1,00 each.

Capital return

On the basis of our Group's strong operating performance during 2010, the confidence in the future prospects for our business and with the intent to efficiently reward our shareholders, our Board proposed to the AGM on June 1st 2011, a capital return to shareholders of € 0,25 per share. The proposal was approved and the capital return was paid to shareholders in cash on July 25, 2011.

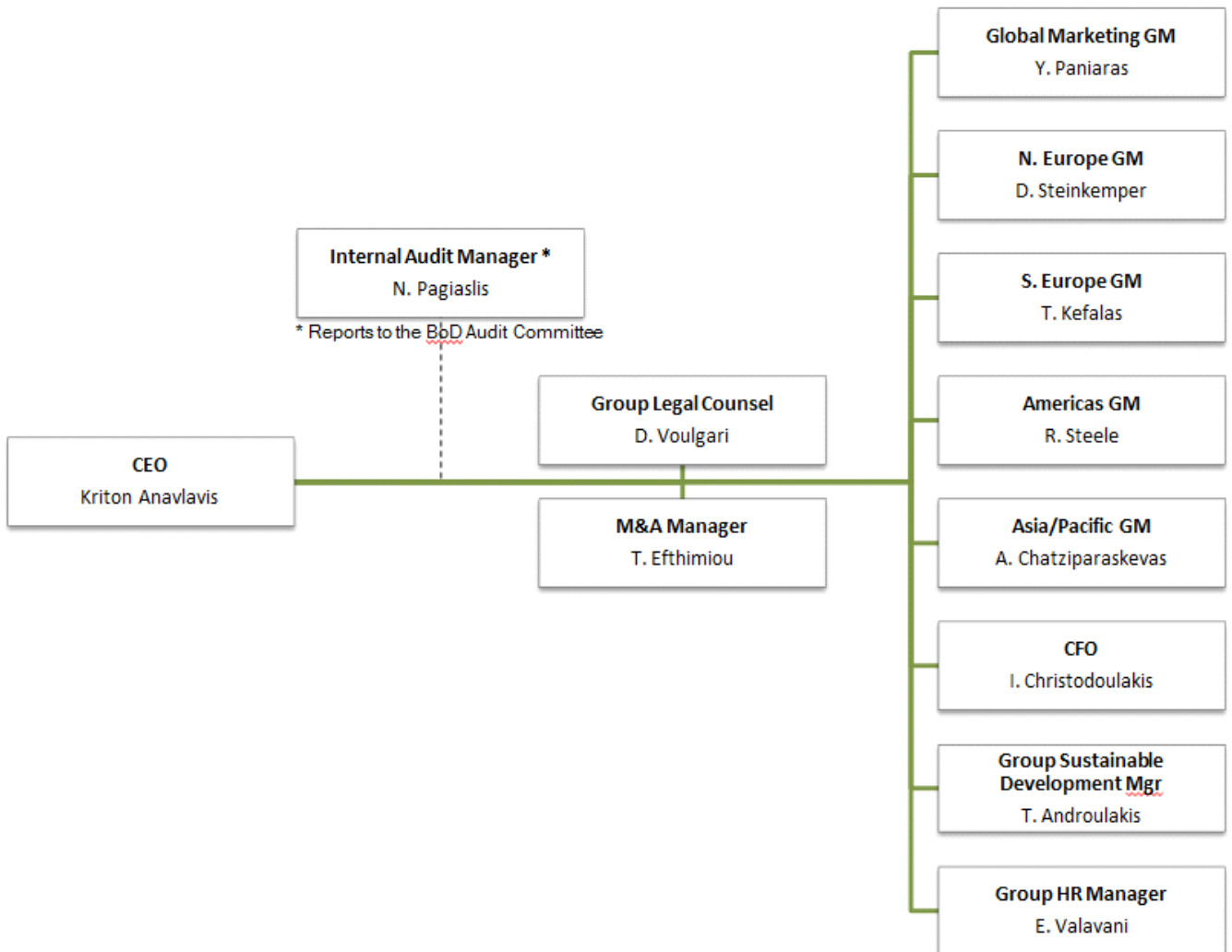
Organizational restructuring

Through the initiative of our senior management, we proceeded with organizational changes in September 2011 which have come into full effect in January 2012. Our new organizational structure will enable the achievement of operational synergies, meeting and exceeding customer expectations globally for additional sustainable solutions and exploiting growth dynamics in emerging regions.

S&B is now organized internally according to a matrix system, based on four geographic regions and four market segments. The geographic regions are, North Europe, South Europe, Asia/Pacific and Americas with responsibility for operations, sales, supply chain and support functions. The four Global market segments - Metallurgy, Foundry, Construction and Specialties- will complement the new organization, assuming responsibility for marketing, global accounts management, business development and R&D, which aims to enhance S&B's innovation and expand its product and solutions portfolio. The new structure is actively supported by a lean organization of corporate functions that will set, drive and monitor the implementation of corporate strategies and policies. Group Sustainable Development has been established as a new function within the Group with the purpose to enable our business to operate responsibly for long term success by achieving a balance of economic, environmental and social imperatives, considering the expectations of all stakeholders.

The new matrix environment operates with multiple communication lines that capitalize on the diversity of our global community of employees, fostering a collaborative, learning and innovative organization with a clear strategic focus. The depth and talent of our management team will continue to drive S&B's success under its new collaborative structure.

The new organizational structure and appointed executives, reporting to the CEO, are:



€ 10 million environmental investment for a new state of the art warehouse

In October 2011, we initiated operations of a new warehouse for processed bentonite. Its infrastructure represented the first-of-its-kind in the world, setting a benchmark as best-in-class in the industrial minerals sector. It was designed and constructed specifically for S&B's facilities on Milos, Greece. It aims at minimizing the environmental impact from the handling (transportation - storage) of dried bentonite, while at the same time providing operational benefits for the product's handling within the production facilities. It will result in a dramatic expected reduction in dust emissions, reaching standards that supersede legislative limits and outperform conditions set by the facility's permits.

Business Risks

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

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

- **Transportation Risks**

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

Management does not anticipate that the above mentioned transportation risks will substantially affect the Group's financial position in 2012.

- **Energy Price Risks**

S&B is exposed to the risk of fluctuating prices for the various fuel and energy sources (mainly oil, natural gas and electricity) which form a significant part of its production and transportation activities. The Group's geographical locations and energy supply sources remain diversified, but a general and sharp increase in energy prices may have a significant impact on its operating profitability. Additionally, as energy supplies are sourced regionally, some local markets may temporarily be subject to significant but non-recurring price variations. Under these circumstances, management concentrates its efforts on reducing the effect on margins by focusing on energy savings and productivity improvements, while adjusting, where possible, its commercial policies. On a global level, the developments in energy markets have caused significant volatility in recent years. Oil prices in 2011 increased on average by 40% compared to 2010 and current price levels are being sustained. Management is continuously monitoring the exposure in the context of evaluating alternative sourcing and hedging strategies.

Management does not anticipate that the above mentioned energy price risks will substantially affect the Group's financial position in 2012.

- **Raw Materials Price Risks**

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

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

Management does not anticipate that the above mentioned raw material risks will substantially affect the Group's financial position in 2012.

- **Environmental, Health & Safety and Quality Risks (EHSQ)**

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

Most of the industrial activities that form S&B's core business have an impact, even if only a

limited one, on the environment. In the majority of cases, that impact is inherent in mining activities and in facilities associated with the downstream processing of extracted minerals.

S&B strives to minimize the environmental health and safety impact of its operations and proactively manages environmental risks through implementation of appropriate measures. EHS related performance is monitored via a reporting and measurement grid, as well as, via ad hoc EHS audits of the operations. S&B has rolled out a Corporate EHSQ policy since 2006, emphasizing its commitment in monitoring and effectively addressing EHSQ aspects that originate from its operations. The policy criteria are applied in a manner sensitive to local cultures, customs and circumstances. In September 2011, a new Sustainable Development function was established with responsibility for EHSQ activities. This new function will contribute and reinforce further diffusion of EHSQ best practices, supporting the coordination of consistent implementation of current Group policies and standards, as well as new ones to be developed. The Sustainable Development policy of S&B calls for every employee to contribute personally, every year, to sustainability targets set.

S&B has certified the Quality and Environmental management systems of the majority of its global operations as per ISO 9001 (quality) and ISO 14001 (environmental) standards). In December 2009 and May 2010 respectively, the Health & Safety (H&S) management system of CCF operations in India and the H&S management system of the French subsidiary S&B S.A.R.L., were certified as per the OHSAS 18001 standards. S&B's sustainability targets call for certification of all S&B sites per ISO 9001, ISO 14001 and OHSAS 18001, in the next three years.

S&B strives to provide a safe working environment for its employees and sub-contractors in an effort to protect their health, maintain superior business reputation and minimize potential compensation liabilities. In this context, management makes every effort in properly training its employees and sub-contractors in the use of explosives and in the operation of heavy mobile equipment, such as underground mine equipment, trucks, loaders, forklifts and other. Pro-active safety practices initiated in 2006 in Greece, including Management Safety Visits, are currently rolled out to operations in Germany and Bulgaria, with a target to expand their application to all S&B sites in the next three years. A corporate EHS committee was established in 2006, aiming at a gradual harmonization of policies and procedures across the Group and three Regional EHS Councils overlook performance in Southern Europe, Northern Europe and USA.

Management does not anticipate that the above mentioned EHSQ risks will substantially affect the Group's financial position in 2012.

- **Legal and Licensing Risks**

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

It is stressed that the action brought before the Council of State for cancelling the environmental conditions approved for the mining of the Company's bauxite reserve in the area of the Municipality of Lidoriki, is still pending.

- **Financial Risks**

The Group's business activities and its funding structure generate exposure to foreign exchange, interest rate and liquidity risks. Additionally, there are risks related to ocean freights and the volatility of energy prices since both items represent a material component of the Group's cost structure. The current economic developments in in the Greek environment provide for various counterparty risks, however the Group constantly monitors such risks as part of its on-going risk management practices.

Foreign Currency, Freights and Energy Risks

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

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

Interest Rate risk

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

Liquidity risk

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

Management does not anticipate that the above mentioned financial risks will substantially affect the Group's financial position in 2012. However, we are aware of, and have planned for, significantly increased interest charges due to increased spreads that will result from the refinancing of a maturing € 90 million debt facility in June 2012, for which we have already began negotiations.

- **Insurable Risks**

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

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

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

Prospects for 2012

With our new matrix organization in place, we will more efficiently address the needs and prospects of our business, both in terms of segments and geographies served. Expectations for the economy as a whole are uncertain, as a result of the turmoil in financial markets and the effects of the sovereign debt crisis in Europe. However, the global economy is expected to grow even if at a slower pace than 2011. In our key markets of interest, namely foundry, metallurgy and construction, market dynamics remain broadly stable though varying by region. Industrial production showed signs of moderation in the last quarter of 2011 but it still uncertain whether this is representative of a longer-term trend. Uncertainty and volatility also characterize the expectations for global steel production, especially for the first half of 2012. Preliminary expectations for the automotive sector point to a weakening European market (excluding Germany) but a strengthening U.S. market. Construction activity is anticipated to improve modestly in the U.S. and Northern/Eastern Europe, continue strong in China, but remain at low levels in Southern Europe. In the context of even modest economic growth, we do not anticipate any significant easing in raw material costs, while the geopolitical turmoil in certain oil producing countries may keep oil prices at least at current levels. A significant challenge we will face in 2012 will be the efficient financing of our funding requirements. With the domestic sovereign debt developments affecting local financial markets, financing is expected to result in much higher interest expenses with an adverse impact on our profitability. We are already working towards aligning our funding structure with our international business profile and reduce in parallel, our dependence on the domestic banking market.

We are focused on reforming our future as we go through the first full year under our new matrix structure. Our aim is to extract value and drive growth, in the developed and developing economies, respectively. Driven by our new Vision to achieve sustainable value growth, we will continue to focus on pricing and cost control, as we have ground to gain in increasing our profit margins and room for improving our returns on invested capital. With the assumption of a successful conclusion for our bauxite divestment, we will be one step ahead in achieving these improvements. In addition, we will reinforce our international and diversified profile and practically eliminate our business exposure to the domestic environment.

While it is important that we recognise the fragile and uncertain nature of the global economic recovery, we are excited about our future prospects given our strong market positions in our segments and our broad geographic focus. Furthermore, we believe that our reformed Purpose & Vision together with our new corporate structure will enable us to more effectively take advantage of our robust capital structure to pursue future growth opportunities.

Treasury Shares

In 2011, the Company purchased 1.800 treasury shares, at an average price of € 3,76 per share, for an aggregate amount of € 6.761,03. On December 31, 2011 the Company held, in aggregate with treasury shares bought back during previous years, a total of 671.513 treasury shares at an average price of € 4,80 per share, for a total amount of € 3.222.616,14.

The AGM of June 1st 2011 resolved, to decrease the total number of shares from 51.782.200 to 51.110.687 ordinary registered shares, by cancelling 671.513 treasury shares, which were acquired during the period from June 6, 2008 until January 12, 2011, based on the resolutions of the Company's AGM's of May 14th 2008 and June 17th 2010. After the cancellation of the treasury shares, the Company's share capital stands at € 51.110.687,00 divided into 51.110.687 ordinary registered shares, of nominal value € 1,00 each.

Significant Related Party Transactions

(Amounts in thousand Euro, unless otherwise stated)

During 2011, business transactions of the Group, as well as those of the Company with related parties have been carried out with regular market terms and conditions. The Group, or any of its related parties, has not been engaged in any material transactions that were not in an arm's length basis. None of these transactions includes any special terms or conditions.

Transactions with Group subsidiaries and associates are carried out in the normal course of the business operations of the Group. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash within the agreed time period. The guarantees provided by S&B to its subsidiaries as of December 31, 2011 and 2010 are analyzed in note 39 of the financial statements. The Management of the Company has not provided against the receivables due from its subsidiaries or associates as it does not anticipate any doubtfulness of such receivables, except for the case of Askana Ltd. against which a provision for doubtful debts has been established in 2008.

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

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

Group balances due from and to related parties

Group balances due from related parties amounted to € 1.464 and € 1.354 as of December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Decrease in the amounts due from the associate entity "Laviosa Promasa S.A." (€ 3 and € 450 for 2011 and 2010, respectively) due to the decreased turnover of industrial minerals sales.
- Increase in the amounts due from the jointly controlled entity "Cebo International B.V." (€ 221 and € 0 for 2011 and 2010 respectively) due to uncollected industrial minerals sales
- Increase in the amounts due from the jointly controlled entity "Pergem Mineral A.Ş." (€ 193 and € 6 for 2011 and 2010, respectively) due to loan granted to this entity.
- Increase in the amounts due from the associate entity "Xinyang Athenian Mining Co. Ltd" (€ 131 and € 0 for 2011 and 2010, respectively) due to uncollected dividends.

Group balances due to related parties amounted to € 3.548 and € 2.017 as of December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Increase in the amounts due to the associate entity "Xinyang Athenian Mining Co. Ltd" (€ 1.517 and € 925 for 2011 and 2010, respectively) due to increased and unsettled industrial minerals purchases.
- Increase in the amounts due to other related companies "ORYMIL S.A." (€ 931 and € 0 for 2011 and 2010, respectively) due to a land acquisition.
- Increase in the amounts due to other related companies "Halliburton Affiliates LLC" (€ 313 and € 75 for 2011 and 2010, respectively) due to increased industrial minerals purchases.
- Decrease in the amount due to related company "Perlite Hellas S.A." (€ 430 and € 771 for 2011 and 2010, respectively) due to reduced industrial minerals purchases.

Company balances due from and to related parties

Company balances due from related parties amount to € 3.243 and € 3.943 as of December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Increase in the amounts due from indirect subsidiary “S&B Industrial Minerals S.A.R.L.” (€ 797 and € 505 for 2011 and 2010, respectively) and from the jointly controlled entity “Cebo International B.V.” (€ 443 and € 0 for 2011 and 2010, respectively) due to uncollected receivables from industrial minerals sales.
- Decrease in the amounts due from direct subsidiary “Isocon S.A.” (€ 1.682 and € 1.973 for 2011 and 2010, respectively), from indirect subsidiaries “S&B Endustriyel Mineraller S.A.” (€ 172 and € 497 for 2011 and 2010, respectively) and “S&B Industrial Minerals North America Inc” (€ 41 and € 465 for 2011 and 2010, respectively) and from the associate entity “Laviosa Promasa S.A.” (€ 0 and € 330 for 2011 and 2010, respectively) due to settlement of receivables from industrial minerals sales.

Company balances due to related parties amount to € 11.455 and € 2.219 as of December 31, 2011 and 2010 respectively and relate mainly to unsettled invoices for industrial minerals purchases. The most significant changes are the following:

- Increase in the amounts due to indirect subsidiary “S&B Industrial Minerals GmbH” (€ 9.222 and € 95 for 2011 and 2010, respectively) due to advances received for future sales of industrial minerals.
- Increase in the amounts due to direct subsidiary “Sarda Perlite S.r.L.” (€ 830 and € 373 for 2011 and 2010, respectively) due to unsettled industrial minerals purchases
- Increase in the amounts due to other related company “ORYMIL S.A.” (€ 931 and € 0 for 2011 and 2010, respectively) due to a land acquisition (see Note 22).

Group revenue / expenses

Group revenue from related parties amounted to € 9.536 and € 9.975 for the years ended December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Increase in the revenue from related company “Halliburton Affiliates LLC” (€ 5.841 and € 5.446 for 2011 and 2010, respectively) due to the increased turnover of industrial minerals sales.
- Decrease in the revenue from jointly controlled entity “Cebo International B.V.” (€ 1.575 and € 2.333 for 2011 and 2010, respectively) as well as from associate “Laviosa Promasa S.A.” (€ 1.825 and € 2.015 for 2011 and 2010, respectively), due to the decreased turnover of industrial minerals sales.

Group expenses to related parties amounted to € 6.242 and € 5.537 for the years ended December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Increase in the expense to the associate entity “Xinyang Athenian Mining Co. Ltd” (€ 1.754 and € 1.167 for 2011 and 2010, respectively) and to related companies “Rescon India Private Ltd.” (€ 1.422 and € 1.247 for 2011 and 2010, respectively) and “Halliburton Affiliates LLC” (€ 854 and € 606 for 2011 and 2010, respectively) arising from increased industrial minerals purchases.
- Decrease in the expense to the related company “Perlite Hellas S.A.” (€ 1.302 and € 1.523 for 2011 and 2010, respectively) due to reduced industrial minerals sales.

Company revenue / expenses

Company revenue from related parties amounted to € 55.449 and € 53.149 for the years ended December 31, 2011 and 2010 respectively. The most significant changes are the following:

- Increase in the revenue from indirect subsidiaries “S&B Industrial Minerals GmbH” (€ 21.939 and € 21.148 for 2011 and 2010, respectively), “S&B Industrial Minerals North America Inc” (€ 17.218 and € 16.307 for 2011 and 2010, respectively), “S&B Industrial Minerals S.A.R.L.” (€ 6.272 and € 4.684 for 2011 and 2010, respectively), “S&B Endustriyel Mineraller A.Ş.” (€ 1.671 and € 1.053 for 2011 and 2010, respectively) due to increased turnover of industrial minerals sales to these entities.
- Decrease in the revenue from direct subsidiary “Isocon S.A.” (€ 1.517 and € 2.074 for 2011 and 2010, respectively), and from the jointly controlled entity “Cebo International B.V.” (€ 3.083 and € 4.493 for 2011 and 2010, respectively) due to decreased turnover of industrial minerals sales.

Company expenses to related parties amounted to € 841 and € 1.492 for the years ended December 31, 2011 and 2010 respectively, mainly due to:

- Increase in the expenses to direct subsidiary “Sarda Perlite S.r.L.” (€ 518 and € 373 for 2011 and 2010, respectively) due to increased industrial minerals purchases.

Compensation of key management personnel

Compensation of key management personnel for the years ended December 31, 2011 and 2010 were as follows:

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Board of Directors fees, net of taxes	422	422	422	422
Executives compensation (including executive board members)	5.973	5.371	5.458	4.987
	6.395	5.793	5.880	5.409

Board of Directors fees are approved by the Shareholders A.G.M. and as a result the related fees for the years ended December 31, 2011 and 2010 are either paid or accrued in the accompanying financial statements.

Balances due to key management personnel of the Group and Board members as of December 31, 2011 amounted to € 1.272 (€ 2.037 as of December 31, 2010). Balances due to key management personnel of the Company and to its Board members as of December 31, 2011 amounted to € 1.228 (€ 1.937 as of December 31, 2010).

Social security contributions paid by the Company to state contribution plans for key management personnel for the years ended December 31, 2011 and 2010 amounted to € 86 and € 106, respectively (the Group paid € 97 and € 117, respectively). Contributions paid for medical and pension plans by the Company and the Group to insurance entities for key management personnel for the years ended December 31, 2011 and 2010 amounted to € 317 and € 207, respectively.

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

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

I. The Corporate Governance Principles

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

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

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

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

III. Information of Directive 2004/25/EEC

Within the fiscal year 2011, the provisions of Directive 2004/25/EEC pertaining to public offerings did not apply to the Company.

IV. The General Assembly

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

V. The Board of Directors

The Board of Directors is responsible for the administration and the management of the Company's affairs. It consists of twelve (12) members, two (2) of which are executive, three (3) non-executive and seven (7) independent non-executive. The C.V. of each member of the Board is available on the website of the Company at www.sandb.com. The Board is authorized to resolve on any issue related to the Company with the exception of those that, according to the Law and the Articles of Association, belong to the exclusive authority of the General Assembly. The Board monitors the performance and the risks of the Company by:

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

The members of the Board are the following

Ulysses P. Kyriacopoulos	Chairman	Executive
Kalypso-Maria Nomicos	Vice-Chairman	Independent Non-Executive
Kriton Leonidas Anavlavis	Chief Executive Officer	Executive
Robert J. Champion de Crespigny AC	Member	Independent Non-Executive
Gabriel Hawawini	Member	Independent Non-Executive
Florica P. Kyriacopoulos	Member	Non-Executive
Raphael Moissis	Member	Independent Non-Executive
Helen Papaconstantinou	Member	Independent Non-Executive
Alexandros Sarrigeorgiou	Member	Independent Non-Executive
Jan Carel Maarten Schönfeld	Member	Independent Non-Executive
Alain Walter Marie Wivine Speeckaert	Member	Non - Executive
Efthimios Vidalis	Member	Non - Executive

VI. The Committees

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

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

More details of the Committees are set forth below:

Audit Committee

The Audit Committee consists of four (4) Board members, one (1) non-executive and three (3) independent non-executives. The General Assembly appoints the members of the Audit Committee as per the provisions of article 37 of L. 3693/2008, as it stands in effect. The Audit Committee convenes at least four times per year and exercises its duties by virtue of a written charter called the "Regulation of the Audit Committee", which is approved and amended by the Board of Directors. The task of the Committee is to support the Board in fulfilling its overseeing responsibilities in order to ensure:

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

The members of the Audit Committee are:

Alexandros Sarrigeorgiou	Chairman
Flora Maria P. Kyriacopoulos	Member
Helen Papaconstantinou	Member
Jan Carel Maarten Schönfeld	Member

Human Resources & Nomination Committee

The Human Resources & Nominations Committee consists of four (4) Board members, one (1) non-executive and three (3) independent non-executives. The committee is called at least once a year and whenever a matter of interest is placed before it. The duties of the committee are:

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

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

Kalypso Maria Nomicos	Chairman
Flora Maria P. Kyriacopoulos	Member
Raphael Moissis	Member
Helen Papakonstantinou	Member

Strategic Planning Committee

The Strategic Planning Committee consists of six (6) Board members, two (2) executive, one (1) non-executive and three (3) independent non-executives. The Committee meets at least twice a year. Its duties are summarized to the following:

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

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

Raphael Moissis	Chairman
Kriton Leonidas Anavlavis	Member
Florica P. Kyriacopoulos	Member
Ulysses P. Kyriacopoulos	Member
Kalypso-Maria Nomicos	Member
Alexandros Sarrigeorgiou	Member

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

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

Shareholders Capital Structure

On December 31st, 2011, the Company's share capital amounted to Euro 51.110.687,00 divided into 51.110.687 shares with nominal value of Euro 1,00 each. All of the Company's shares are common registered shares with one voting right each and they are traded on the regulated market of the Athens Stock Exchange.

Limitations in the transfer of company stock

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

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

The major direct/indirect participations in the voting rights of the Company's shares on December 31st, 2011, were held by Mrs Catherine-Kitty P. Kyriacopoulos with 45,30% (21,74% direct and 23,56% indirect), Mrs Flora Maria P. Kyriacopoulos with 7,77%, Mr. Ulysses P. Kyriacopoulos with 6,13% and "SCR-Sibelco NV" with 19,21%. There is not any other individual or legal entity holding more than 5% of the Company's total voting rights.

Share owners with special controlling rights

N/A

Limitations in voting rights

N/A

Agreements among shareholders of the company

Based on the knowledge of the Company on December 31, 2011, there were not any Shareholders' agreements that put restrictions in transferring of stocks or exercising of voting rights.

Rules of appointment and replacement for members of the Board of Directors

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

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

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

As per the provisions of article 16 of C.L. 2190/1920, as it stands in effect, the Annual General Meeting of Shareholders of June 17 2010, approved a 24-month share "buy- back" programme setting the purchase price of each share between € 1,00 and € 12,00. The total number of shares that the Company may purchase under the programme, including the treasury shares already owned, cannot exceed the 10% of its paid-in share capital. Furthermore, the above resolution of the General Assembly authorized the Board of Directors to proceed to any action that is considered necessary for implementing the said programme.

Significant agreement, which the company has entered into, and which becomes effective, is amended, or expires due to a change in the Company's ownership structure following a Public

Offer and the results from such an agreement.

N/A

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

The employment agreement the Company signed on June 1, 2011 with Chief Executive Officer, Mr. Kriton Leonidas Anavlavis, which was previously approved by the Annual General Meeting of the same day, provides his indemnification in case of change of control or termination of the employment relationship without cause.

Kifissia, March 22, 2012

For the Board of Directors
The Chief Executive Officer

Kriton Anavlavis

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C. INDEPENDENT AUDITOR'S REPORT

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Independent Auditor’s Report

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

Introduction

We have audited the accompanying financial statements of S&B Industrial Minerals S.A. (the “Company”), and the consolidated financial statements of the Company and its subsidiaries (the “Group”) which comprise the separate and consolidated statements of financial position as at December 31, 2011, and the related separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects the financial position of the Company and the Group as at December 31, 2011, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

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

Athens, March 22, 2012

THE CERTIFIED AUDITORS ACCOUNTANTS

PANOS PAPAZOGLU
S.O.E.L. No 16631

IOANNIS PSICHOUNTAKIS
S.O.E.L. No 20161

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11TH KLM. NATIONAL ROAD ATHENS – LAMIA
144 51 METAMORFOSI
S.O.E.L. No. 107

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D1. FINANCIAL STATEMENTS

The accompanying Financial Statements have been approved by the Board of Directors of S&B Industrial Minerals S.A. on March 22, 2012.

**The Chairman of the
Board of Directors**

**The Chief Executive
Officer**

**The Chief Financial
Officer**

**The Controller
South Europe**

Ulysses P. Kyriacopoulos

Kriton St. Anavlavis

Ioannis E. Christodoulakis

Nikolaos Ch. Ioakim

ID No AH042868

ID No AK061616

ID No AZ951354

**A' Class License No
0002714**

S&B Industrial Minerals S.A.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro, except for earnings per share)

		The Group					
Note	1/1 - 31/12/2011			1/1 -31/12/2010			
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total	
Sale of goods	5	422.787	32.933	455.720	391.639	28.495	420.134
Cost of sales	6	(313.721)	(30.899)	(344.620)	(288.641)	(38.114)	(326.755)
Gross Profit / (Loss)		109.066	2.034	111.100	102.998	(9.619)	93.379
Administrative expenses	7	(42.739)	(2.129)	(44.868)	(45.174)	(1.155)	(46.329)
Selling expenses	8	(24.363)	(352)	(24.715)	(23.601)	(313)	(23.914)
Other income	9	4.278	178	4.456	4.635	1.002	5.637
Other expenses	10	(2.856)	(3.516)	(6.372)	(1.158)	(4)	(1.162)
Operating profit / (loss)		43.386	(3.785)	39.601	37.700	(10.089)	27.611
Finance income	11	594	-	594	407	-	407
Finance costs	12	(8.674)	(693)	(9.367)	(6.571)	(683)	(7.254)
Gain from the disposal of associates	20	243	-	243	-	-	-
Share of profit of associates	20	889	-	889	994	-	994
Profit / (loss) before tax		36.438	(4.478)	31.960	32.530	(10.772)	21.758
Income tax expense	13	(11.279)	(126)	(11.405)	(9.176)	293	(8.883)
Net profit / (loss)		25.159	(4.604)	20.555	23.354	(10.479)	12.875
Attributable to:							
Equity holders of the company		25.221	(4.604)	20.617	23.612	(10.479)	13.133
Non-controlling interests	3	(62)	-	(62)	(258)	-	(258)
		25.159	(4.604)	20.555	23.354	(10.479)	12.875
Earnings per share attributable to equity holders of the Company							
Basic		0,4935	(0,0901)	0,4034	0,4609	(0,2045)	0,2564
Diluted		0,4893	(0,0893)	0,4000	0,4556	(0,2022)	0,2534
Weighted average number of shares							
Basic	27	51.110.687	51.110.687	51.110.687	51.233.828	51.233.828	51.233.828
Diluted	27	51.540.163	51.540.163	51.540.163	51.830.438	51.830.438	51.830.438

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro)

Note	The Group					
	1/1 - 31/12/2011			1/1 -31/12/2010		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
Net profit / (loss)	25.159	(4.604)	20.555	23.354	(10.479)	12.875
Other comprehensive income						
Translation of foreign operations:						
-Subsidiaries	1.132	-	1.132	4.903	-	4.903
-Associates	(567)	-	(567)	228	-	228
Valuation of available-for-sale financial assets	(99)	-	(99)	(150)	-	(150)
Income tax relating to the valuation of available-for-sale financial assets	20	-	20	35	-	35
Valuation of derivatives	34 (1.455)	-	(1.455)	(374)	-	(374)
Income tax relating to the valuation of derivatives	273	-	273	81	-	81
Other comprehensive income / (loss) for the year, net of tax	(696)	-	(696)	4.723	-	4.723
Total comprehensive income / (loss) for the year, net of tax	24.463	(4.604)	19.859	28.077	(10.479)	17.598
Attributable to:						
Equity holders of the company	24.516	(4.604)	19.912	28.328	(10.479)	17.849
Non-controlling interests	(53)	-	(53)	(251)	-	(251)
	24.463	(4.604)	19.859	28.077	(10.479)	17.598

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
SEPARATE INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro)

		The Company					
<u>Note</u>	<u>1/1 - 31/12/2011</u>			<u>1/1 - 31/12/2010</u>			
	<u>Continuing operations</u>	<u>Discontinuing operations</u>	<u>Total</u>	<u>Continuing operations</u>	<u>Discontinuing operations</u>	<u>Total</u>	
Sales of goods	5	111.097	32.935	144.032	106.736	28.502	135.238
Cost of sales	6	(76.093)	(31.052)	(107.145)	(72.741)	(37.417)	(110.158)
Gross Profit / (Loss)		35.004	1.883	36.887	33.995	(8.915)	25.080
Administrative expenses	7	(24.601)	(2.096)	(26.697)	(27.004)	(1.324)	(28.328)
Selling expenses	8	(3.075)	(352)	(3.427)	(2.989)	(313)	(3.302)
Other income	9	4.549	187	4.736	4.823	995	5.818
Other expenses	10	(1.270)	(3.506)	(4.776)	(517)	-	(517)
Operating profit / (loss)		10.607	(3.884)	6.723	8.308	(9.557)	(1.249)
Finance income	11	373	-	373	629	-	629
Finance costs	12	(6.416)	(692)	(7.108)	(4.382)	(681)	(5.063)
Investment income		688	-	688	213	-	213
Profit / (loss) before tax		5.252	(4.576)	676	4.768	(10.238)	(5.470)
Income tax expense	13	(1.032)	(126)	(1.158)	(1.293)	293	(1.000)
Net profit / (loss)		4.220	(4.702)	(482)	3.475	(9.945)	(6.470)

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro)

	The Company						
	<u>Note</u>	<u>1/1 - 31/12/2011</u>			<u>1/1 - 31/12/2010</u>		
		<u>Continuing operations</u>	<u>Discontinuing operations</u>	<u>Total</u>	<u>Continuing operations</u>	<u>Discontinuing operations</u>	<u>Total</u>
Net profit /(loss)		4.220	(4.702)	(482)	3.475	(9.945)	(6.470)
Other comprehensive income							
Valuation of available-for-sale financial assets		(99)	-	(99)	(150)	-	(150)
Income tax relating to the valuation of available-for-sale financial assets		20	-	20	35	-	35
Valuation of derivatives	34	(1.455)	-	(1.455)	(374)	-	(374)
Income tax relating to the valuation of derivatives		273	-	273	81	-	81
Other comprehensive loss for the year, net of tax		(1.261)	-	(1.261)	(408)	-	(408)
Total comprehensive income / (loss) for the year, net of tax		2.959	(4.702)	(1.743)	3.067	(9.945)	(6.878)

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011

(Amounts in thousand Euro)

Note	The Group		The Company		
	December 31 2011	December 31 2010	December 31 2011	December 31 2010	
ASSETS					
Non-current assets					
Property, plant and equipment	16	154.439	190.114	62.262	97.828
Investment properties	17	18.860	20.214	18.860	20.214
Goodwill	18	83.643	83.437	25.129	25.129
Other intangible assets	19	18.950	21.748	3	196
Investments in subsidiaries	3	-	-	129.338	133.570
Investments in associates	20	10.293	10.724	4.198	4.198
Deferred tax assets	13	3.584	4.145	1.121	2.016
Available-for-sale financial assets		90	189	90	189
Other non-current assets		10.862	2.429	8.412	452
		300.721	333.000	249.413	283.792
Current assets					
Inventories	23	73.469	77.056	18.362	26.908
Trade receivables	24	49.557	51.743	4.655	7.808
Due from related parties	22	1.464	1.354	3.243	3.943
Income tax receivables		894	181	602	-
Other current assets	25	17.934	17.613	12.656	13.003
Cash and cash equivalents	26	46.158	42.724	2.323	1.208
		189.476	190.671	41.841	52.870
Assets held for sale	4	72.585	-	76.286	-
Total Assets		562.782	523.671	367.540	336.662
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	27	51.111	51.782	51.111	51.782
Share premium		27.000	42.329	27.000	42.329
Treasury shares	27	-	(3.216)	-	(3.216)
Share option plan reserve	28	2.121	2.237	2.121	2.237
Derivatives valuation reserve		(1.645)	(463)	(1.645)	(463)
Other reserves	29	78.139	85.703	90.219	90.298
Translation of foreign operations		(613)	(1.182)	-	-
Retained earnings		93.140	65.207	2.311	2.793
		249.253	242.397	171.117	185.760
Non-controlling interests	3	658	561	-	-
Total equity		249.911	242.958	171.117	185.760
Non-current liabilities					
Provision for staff leaving indemnities	31	15.034	19.613	6.061	10.445
Provision for environmental rehabilitation	32	6.305	12.346	3.450	10.073
Other provisions		2.274	2.273	376	252
Interest-bearing loans and borrowings	33	66.978	119.858	66.978	74.929
Deferred tax liabilities	13	15.517	14.964	-	-
Government grants		1.829	1.982	1.534	1.623
Other non-current liabilities		779	1.605	88	89
		108.716	172.641	78.487	97.411
Current liabilities					
Trade payables	35	41.403	44.275	7.220	12.620
Due to related parties	22	3.548	2.017	11.455	2.219
Short-term borrowings	36	19.302	779	18.698	-
Current portion of long-term interest bearing loans and borrowings	33	91.977	35.000	47.000	27.500
Income tax liabilities		3.883	4.805	-	688
Dividends payable		22	25	16	25
Other current liabilities	37	19.988	21.171	9.307	10.439
		180.123	108.072	93.696	53.491
Liabilities associated with the assets classified as held for sale	4	24.032	-	24.240	-
Total equity and liabilities		562.782	523.671	367.540	336.662

The accompanying notes are an integral part of these financial statements

S&B Industrial Minerals S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro)

The Group											
Attributable to Equity holders of the Company											
<u>Note</u>	Share Capital	Share Premium	Treasury Shares	Share option plan reserve	Derivatives valuation reserve	Other reserves	Translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2010	41.426	42.329	(2.268)	1.760	(170)	102.268	(6.294)	50.881	229.932	1.095	231.027
- Profit for the year	-	-	-	-	-	-	-	13.133	13.133	(258)	12.875
- Other comprehensive income/ (loss) for the year	-	-	-	-	(293)	(115)	5.112	12	4.716	7	4.723
- Total comprehensive income/ (loss) for the year	-	-	-	-	(293)	(115)	5.112	13.145	17.849	(251)	17.598
- Dividends distribution	30	-	-	-	-	(3.314)	-	(1.657)	(4.971)	-	(4.971)
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(83)	(83)
- Income tax relating to the future distribution of reserves from tax-exempted income	29	-	-	-	-	(53)	-	-	(53)	-	(53)
- Share based payment, options and rights granted	28	-	-	700	-	-	-	-	700	-	700
-Distribution of shares to personnel	27	-	402	(223)	-	-	-	123	302	-	302
-Share capital increase	27	10.356	-	-	-	(10.356)	-	-	-	-	-
-Purchase of treasury shares	27	-	(1.350)	-	-	-	-	-	(1.350)	-	(1.350)
-Increase of investment in subsidiaries		-	-	-	-	-	-	(12)	(12)	(200)	(212)
-Transfers		-	-	-	-	(2.727)	-	2.727	-	-	-
December 31, 2010	51.782	42.329	(3.216)	2.237	(463)	85.703	(1.182)	65.207	242.397	561	242.958
- Profit for the year	-	-	-	-	-	-	-	20.617	20.617	(62)	20.555
- Other comprehensive loss for the year	-	-	-	-	(1.182)	(79)	569	(13)	(705)	9	(696)
- Total comprehensive loss for the year	-	-	-	-	(1.182)	(79)	569	20.604	19.912	(53)	19.859
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(74)	(74)
- Share based payment	28	-	-	(116)	-	-	-	-	(116)	-	(116)
- Share capital increase from capitalization of share premium		12.778	(12.778)	-	-	-	-	-	-	-	-
- Share capital return		(12.778)	-	-	-	-	-	-	(12.778)	-	(12.778)
- Share capital decrease	27	(671)	(2.551)	3.222	-	-	-	-	-	-	-
- Purchase of treasury shares	27	-	-	(6)	-	-	-	-	(6)	-	(6)
- Increase of investment in subsidiaries		-	-	-	-	-	-	(156)	(156)	224	68
- Transfers*		-	-	-	-	(7.485)	-	7.485	-	-	-
December 31, 2011	51.111	27.000	-	2.121	(1.645)	78.139	(613)	93.140	249.253	658	249.911

* Settlement between Retained earnings and Other reserves related to statutory requirements for German subsidiaries.

S&B Industrial Minerals S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

(Amounts in thousand Euro)

The Company								
<u>Note</u>	Share Capital	Share Premium	Treasury Shares	Share option plan reserve	Derivatives valuation reserve	Other reserves	Retained earnings	Total
January 1, 2010	41.426	42.329	(2.268)	1.760	(170)	104.136	10.797	198.010
- Loss for the year	-	-	-	-	-	-	(6.470)	(6.470)
- Other comprehensive loss for the year	-	-	-	-	(293)	(115)	-	(408)
- Total comprehensive loss for the year	-	-	-	-	(293)	(115)	(6.470)	(6.878)
- Dividends distribution	-	-	-	-	-	(3.314)	(1.657)	(4.971)
- Income tax relating to the future distribution of reserves from tax-exempted income	-	-	-	-	-	(53)	-	(53)
- Share based payment, options and rights granted	-	-	-	700	-	-	-	700
- Distribution of shares to personnel	-	-	402	(223)	-	-	123	302
- Share capital increase	10.356	-	-	-	-	(10.356)	-	-
- Purchase of treasury shares	-	-	(1.350)	-	-	-	-	(1.350)
- Transfers	-	-	-	-	-	-	-	-
December 31, 2010	51.782	42.329	(3.216)	2.237	(463)	90.298	2.793	185.760
- Profit for the year	-	-	-	-	-	-	(482)	(482)
- Other comprehensive loss for the year	-	-	-	-	(1.182)	(79)	-	(1.261)
- Total comprehensive income/ (loss) for the year	-	-	-	-	(1.182)	(79)	(482)	(1.743)
- Share based payment	-	-	-	(116)	-	-	-	(116)
- Share capital increase from capitalization of share premium	12.778	(12.778)	-	-	-	-	-	-
- Share capital return	(12.778)	-	-	-	-	-	-	(12.778)
- Share capital decrease	(671)	(2.551)	3.222	-	-	-	-	-
- Purchase of treasury shares	-	-	(6)	-	-	-	-	(6)
December 31, 2011	51.111	27.000	-	2.121	(1.645)	90.219	2.311	171.117

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

S&B Industrial Minerals S.A.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts in thousand Euro)

	Note	The Group		The Company	
		1/1 - 31/12 2011	1/1 - 31/12 2010	1/1 - 31/12 2011	1/1 - 31/12 2010
Cash flows from operating activities					
Profit before tax from continuing operations		36.438	32.530	5.252	4.768
Loss before tax from discontinuing operations		(4.478)	(10.772)	(4.576)	(10.238)
Profit / (loss) before tax		31.960	21.758	676	(5.470)
Adjustments for:					
- Depreciation and amortization		27.228	31.396	15.728	18.605
- Grants amortization		(152)	(184)	(90)	(146)
- Provisions, net		5.658	5.020	1.426	3.058
- Finance income	11	(594)	(407)	(373)	(629)
- Finance costs	12	9.367	7.254	7.108	5.063
- Investment income (net of foreign taxes)		-	-	(635)	(205)
- Share of profit of associates		(889)	(994)	-	-
- Impairment loss	16,17	2.880	-	1.080	-
- Gain from the disposal of associates	20	(243)	-	-	-
- (Gain)/ loss from the disposal of property, plant and equipment		228	(24)	20	(4)
		75.443	63.819	24.940	20.272
(Increase) / Decrease in:					
- Inventories		(11.712)	(10.421)	(6.528)	(1.957)
- Trade receivables		(2.647)	(5.476)	(664)	(1.592)
- Due from related parties		(109)	(95)	698	6.408
- Other assets		(10.076)	(6.671)	(9.182)	(6.309)
Increase / (Decrease) in:					
- Trade payables		4.423	10.351	1.882	2.678
- Due to related parties		1.531	153	10.311	548
- Other liabilities		(881)	2.432	2.376	2.278
Staff leaving indemnities paid	31	(4.843)	(2.916)	(3.993)	(1.284)
Payments for environmental rehabilitation	32	(990)	(705)	(887)	(635)
Income tax paid		(12.360)	(6.931)	(1.504)	(3.422)
Net cash flows from operating activities		37.779	43.540	17.449	16.985
Cash flows from investing activities					
- Capital expenditure		(41.065)	(24.991)	(29.757)	(17.390)
- Business combinations and investments in consolidated entities		(101)	(1.136)	-	(7.500)
- Proceeds from the sale of associate		243	550	-	550
- Dividends received		388	32	498	154
- Interest and other finance income received		261	407	36	197
- Proceeds from the settlement of derivatives	34	333	80	333	80
- Purchase of available-for-sale financial assets		-	(109)	-	(109)
- Government grants received		-	245	-	-
- Proceeds from the disposal of property, plant and equipment		561	472	1	11
Net cash flows used in investing activities		(39.380)	(24.450)	(28.889)	(24.007)
Cash flows used in financing activities:					
- Capital return to shareholders	27	(12.767)	-	(12.767)	-
- Purchase of treasury shares		(7)	(1.350)	(7)	(1.350)
- Net (decrease)/ increase of short-term borrowings		18.523	(848)	18.698	-
- Proceeds from long-term borrowings		20.000	-	20.000	-
- Repayment of long-term borrowings		(16.000)	(15.000)	(8.500)	(7.500)
- Dividends paid to the Equity holders of the Company, net of taxes		(9)	(4.477)	(9)	(4.477)
- Dividends paid to non-controlling interests		(70)	(82)	-	-
- Interest and other finance costs paid		(6.604)	(4.944)	(5.055)	(3.494)
Net cash flows from / (used in) financing activities		3.066	(26.701)	12.360	(16.821)
- Net foreign exchange difference on cash flows		1.362	(86)	6	432
Net increase / (decrease) in cash and cash equivalents		2.827	(7.697)	926	(23.411)
- Increase in restricted cash		190	-	190	-
Cash and cash equivalents at the beginning of the year		42.724	49.573	1.208	24.619
- Net foreign exchange difference on cash and cash equivalents at the beginning of the year		446	848	-	-
Less: Cash and cash equivalents of discontinuing operations at the end of period	4	(29)	-	(1)	-
Cash and cash equivalents at year end	26	46.158	42.724	2.323	1.208

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

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D2. NOTES TO THE FINANCIAL STATEMENTS

(Amounts in thousand Euro, unless otherwise stated)

1. CORPORATE INFORMATION AND ACTIVITIES

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

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

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

As of December 31, 2011 and 2010 the Group employed 1.963 and 1.983 employees, respectively, while the Company employed 656 and 643 employees, respectively.

2. GENERAL INFORMATION AND ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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

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

(b) *Approval of Financial Statements:* The Board of Directors of S&B approved the financial statements for the year ended December 31, 2011, on March 22, 2012. It is noted that the financial statements are subject to the approval of the Company’s Shareholders’ General Assembly Meeting.

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2011.

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

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

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

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

(g) Business Combinations and Goodwill

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

When the Group sells assets to the joint ventures, any portion of gain or loss from the transaction is recognized based on the substance of the transaction. When the Group purchases assets from the joint ventures, it does not recognize its share of the profits of the joint ventures from the transaction until it resells the assets to an independent party. However, if the resulted loss of the transaction demonstrates decrease in the net realizable value or impairment loss, then this loss is recognized directly to the income statement. The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

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

(k) Impairment of Assets:

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

(m) Accounts Receivable: Current receivables are presented in their nominal value, net of provisions for potential non collectible balances, while non-current receivables (balances over one year) are measured at amortized cost based on the effective interest rate method. The Group has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. In certain countries, where insurance market exists, the Group covers the receivables from its customers through insurance. In other geographical areas, and where necessary, the Group requires guarantees direct from its customers such as letters of credit and letters of guarantee. At each reporting date, all past due and doubtful receivables are assessed individually for the purpose of determining the adequacy of the provision for impairment of receivables. The balance of such impairment for doubtful accounts is appropriately adjusted at each reporting date in order to reflect any incurred loss. Any amount written-off with respect to customer balances is charged against the existing provision for impairment for doubtful accounts. It is the Group's policy not to write-off any receivable until all possible legal action for collection has been exhausted.

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

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

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

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

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

(iii) 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.

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

(v) Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized directly as a separate component of equity. Upon disposal, impairment or derecognition of the investment, the cumulative gain or loss is recognized in the income statement. The fair value of these financial assets that are actively traded in organized

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques are based on recent on recent arm's length market transactions by reference to the current market value of another instrument, which has substantially the same characteristics on discounted cash flow analyses and option pricing models.

(o) Derecognition of Financial Assets and Liabilities:

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement;
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

- (g) Cash and cash equivalents:** Cash and cash equivalents comprise cash at banks and on hand, short-term time deposits and other highly liquid investments with original maturity of three months or less.
- (r) Share capital:** Share capital represents the nominal value of the Company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in the shareholders equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.
- (s) Bank and Bond Loans:** Bank and bond loans are financial liabilities within the scope of IAS 39 and are initially recognized at cost which reflects their fair value reduced by the direct loan arrangement expenses. After initial recognition, loans are valued at the unamortized cost based on the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.
- (t) Borrowing costs:** Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for intended use or sale are capitalized as part of the cost the respective qualifying assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- (u) Provisions and Contingent Assets-Liabilities:** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term (and therefore the effect of time value of money is material), provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks related to the liability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.
- (v) Provision for Staff Leaving Indemnities:** Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed and are determined using the projected unit credit actuarial valuation method. Net pension costs for the year are included in payroll cost in the income statement

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges. Finance cost of retirement obligations is included in finance costs in the income statement.

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

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

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

(x) Income Taxes (Current and Deferred):

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

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

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

(ad) Share Based Payments to members of the Board of Directors and Executives:

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

i) Stock Option Plan and Long -Term Incentives Plan: The cost of the respective transactions is measured at the fair value of the stock options as of the grant date of the plans. The fair value is measured through the application of the appropriate valuation models. The cost of the stock option plans is recognized as an expense in the income statement, by crediting a relevant reserve in equity, during the periods the requirements are gradually fulfilled. For options that are not vested, no expense is recognized except for the options whose vesting depends on the fulfilment of specific external market parameters or non-vesting conditions. Options are considered to be vested when all the performance requirements have been fulfilled, independent of the fulfilment of the external market parameters or non-vesting conditions. In case of cancellation of any stock option plans, these are accounted for as if they were vested at the date of cancellation and the non-recognized related expenses to date are immediately recognized in the income statement. In case a cancelled stock option plan is substituted by a new one, it is treated as an amendment of the cancelled plan, according to the provisions of IFRS 2.

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

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

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

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

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

(ah) Non-Current Assets Held for Sale and Discontinued Operations: The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

(Amounts in thousand Euro, unless otherwise stated)

2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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

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

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

2.3 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

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

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2011:

- IAS 24 Related Party Disclosures (Amended)
- IAS 32 Classification on Rights Issues (Amended)
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”
- IFRIC 14 “Prepayments of a Minimum Funding Requirement” (Amended)
- Improvements to IFRSs (May 2010)

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

- **IAS 24 “Related Party Disclosures” (Amended):** This amendment clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. This amendment is applied retrospectively and did not have any impact on the financial position and performance of the Group.

(Amounts in thousand Euro, unless otherwise stated)

2.3 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES (continued)

- **IAS 32 “Classification on Rights Issues” (Amended):** This amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. This amendment is applied retrospectively and did not have any impact on the financial position and performance of the Group.
- **IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”:** This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value and in case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. This interpretation did not have any impact on the financial position and performance of the Group.
- **IFRIC 14 “Prepayments of a Minimum Funding Requirement” (Amended):** This amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The amendment is applied retrospectively and did not have any impact on the financial position and performance of the Group.

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard:

- **IFRS 3 “Business Combinations”**
- **IFRS 7 “Financial Instruments: Disclosures”**
- **IAS 1 “Presentation of Financial Statements”:**
- **IAS 27 “Consolidated and Separate Financial Statements”**
- **IAS 34 “Interim Financial Reporting”**
- **IFRIC 13 “Customer Loyalty Programmes”**

2.4 NEW STANDARDS AND INTERPRETATIONS

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning January 1, 2011:

- **IAS 1 Financial Statement Presentation (Amended) - Presentation of Items of Other Comprehensive Income:** The amendment is effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group’s financial position or performance. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

(Amounts in thousand Euro, unless otherwise stated)

2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

- **IAS 12 Income Taxes (Amended) - Recovery of Underlying Assets:** The amendment is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This amendment has not yet been endorsed by the EU. The Group does not expect this amendment to have an impact on its financial position or performance.
- **IAS 19 Employee Benefits (Amended):** The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on the financial position or performance of the Group.
- **IAS 27 Separate Financial Statements (Revised):** The Standard is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group does not expect this amendment to have an impact on its financial position or performance.
- **IAS 28 Investments in Associates and Joint Ventures (Revised):** The Standard is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group does not expect this amendment to have an impact on its financial position or performance.
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities:** The amendment is effective for annual periods beginning on or after January 1, 2014. This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities amendments. This amendment has not yet been endorsed by the EU. The Group does not expect this amendment to have an impact on its financial position or performance.
- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements:** The amendment is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. The Group does not expect this amendment to have an impact on its financial position or performance.

(Amounts in thousand Euro, unless otherwise stated)

2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities:** The amendment is effective for annual periods beginning on or after January 1, 2013. The amendment introduces common disclosure requirements which will provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amendment on the financial position or performance of the Group.
- **IFRS 9 Financial Instruments - Classification and Measurement:** The new standard is effective for annual periods beginning on or after January 1, 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the first half of 2012. Early application is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.
- **IFRS 10 Consolidated Financial Statements:** The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and it also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.
- **IFRS 11 Joint Arrangements:** The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not yet been endorsed by the EU. The Group does not expect this amendment to have an impact on its financial position or performance as it has estimated that its interests in jointly controlled entities will be classified as joint operations and thus continue to recognise and measure the assets and liabilities (and recognise the related revenues and expenses) in relation to its interest in the arrangement.
- **IFRS 12 Disclosures of Involvement with Other Entities:** The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.
- **IFRS 13 Fair Value Measurement:** The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by

(Amounts in thousand Euro, unless otherwise stated)

2.4 NEW STANDARDS AND INTERPRETATIONS (continued)

the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine:** The interpretation is effective for annual periods beginning on or after January 1, 2013. This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (stripping activity asset). Where cost cannot be specifically allocated between the inventories produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. IFRIC 20 has not yet been endorsed by the EU. The Group has applied the accounting treatment proposed by the new interpretation in current and previous financial years (also see Note 2.2.d.ii).

2.5 SIGNIFICANT MANAGEMENT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

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

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

- (a) *Estimates related to the Mining Activity of the Group:*** The Group makes significant estimates related to its mining activity. More specifically:
- (i) *Ore reserve and resource estimates:*** The Group estimates its ore reserves and mineral resources that can be economically and legally extracted at the reporting date based on generally accepted scientific methods and techniques relating to the geological and other data. The estimation is performed by qualified personnel who use specialized resources, tools and means. The estimation process includes not only the quantity of minerals to be extracted but other factors as well such as the volume of waste removals, etc. Actual volumes may differ from the estimated amounts at the reporting date a fact that may impact the relative accounting values that are recognized on the financial statements such as the capitalization and the amortization of mine development expenditure, of exploration and evaluation assets, etc.
 - (ii) *Provision for Environmental Rehabilitation:*** The Group recognizes a provision for environmental rehabilitation and, more specifically, a provision for future restoration of land disturbed, as of the reporting date, as a result of past mining activity and in line with the prevailing environmental legislation of each country in which it operates or the binding group practices. The provision for environmental rehabilitation is re-estimated on an annual basis and it reflects the present value of the expected restoration costs, using estimated cash flows as of the reporting date and is calculated based on the area of the land disturbed at the reporting date and the cost of rehabilitation per metric unit of land at the level of the broader area of interest. Changes in future estimated cash flows are recognized on the statement of financial position by adjusting the relative assets and liabilities while changes in future cash flows for depleted mines are recognized directly to the income statement. Given the complexity of the calculations and the significant assumptions therein, Management provides at the reporting date its best estimate in

(Amounts in thousand Euro, unless otherwise stated)

relation to the present value of the aforementioned liability.

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

- (b) Provisions for income taxes:** Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the tax authorities and includes the provision for current income taxes reported in the respective income tax returns and the provision for potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years. Accordingly, the final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements.
- (c) Deferred tax assets recoverability:** Deferred tax assets recognition includes estimates as regards their recoverability. More specifically, the recognition of deferred tax assets on carried forward tax losses requires management estimates to the extent that it is probable that taxable profit will be available against which the losses can be utilized in each tax regime in which the Company and the subsidiaries of the Group operate.
- (d) Goodwill and indefinite intangible assets impairment tests:** The Group determines whether goodwill and indefinite intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate (the Group's weighted average cost of capital) in order to calculate the present value of those cash flows.
- (e) Provision for staff leaving indemnities:** The cost for the staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management making assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.
- (f) Contingent liabilities:** The existence of contingent liabilities requires from Management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Group.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

3. INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

Entity	Country	Field of activity	% Participation		Year Established / Acquired
			31/12/2011	31/12/2010	
EUROPE					
S&B Industrial Minerals AD	Bulgaria	Industrial Minerals	99,73%	99,73%	2003
Sibimin Overseas Ltd.	Cyprus	Industrial Minerals	99,99%	99,99%	1996
Cape Trahilas Enterprises Ltd. ⁽³⁾	Cyprus	Real Estate	100,00%	75,00%	2007
Cape Trahilas One Ltd. ^{(3), (4)}	Cyprus	Real Estate	100,00%	75,00%	2007
Cape Trahilas Two Ltd. ^{(3), (4)}	Cyprus	Real Estate	100,00%	75,00%	2007
Asian Minerals Ltd. ⁽²⁾	Cyprus	Holding	-	100,00%	2006
S&B Industrial Minerals S.A.R.L.	France	Industrial Minerals	100,00%	100,00%	2001
Denain Anzin Metallurgie S.A.S. ⁽¹⁾	France	Industrial Minerals	-	100,00%	2004
S&B Industrial Minerals GmbH	Germany	Industrial Minerals	100,00%	100,00%	2001
S&B Holding GmbH	Germany	Holding	100,00%	100,00%	1992
SLS Baustoffe GmbH	Germany	Industrial Minerals	99,80%	99,80%	2001
Askana Ltd.	Georgia	Industrial Minerals	97,70%	97,70%	1998
Isocon S.A.	Greece	Industrial Minerals	60,00%	60,00%	1996
Greek Helicon Bauxites S.A.	Greece	Industrial Minerals	100,00%	100,00%	1995
Cape Trahilas One S.A. ^{(3), (4)}	Greece	Real Estate	100,00%	75,00%	2007
Cape Trahilas Two S.A. ⁽³⁾	Greece	Real Estate	100,00%	75,00%	2007
Cape Trahilas Three S.A. ⁽³⁾	Greece	Real Estate	100,00%	75,00%	2009
S&B Industrial Minerals Kft	Hungary	Industrial Minerals	100,00%	100,00%	2001
Sarda Perlite S.r.l.	Italy	Industrial Minerals	61,00%	61,00%	2001
S&B Industrial Minerals SP Z.O.O.	Poland	Industrial Minerals	100,00%	100,00%	2006
S&B Industrial Minerals Spain S.L.u.	Spain	Industrial Minerals	100,00%	100,00%	2000
AMERICA					
Stollberg do Brazil Ltda	Brazil	Industrial Minerals	100,00%	100,00%	2004
Milos Island Resort Ltd. ^{(3), (4)}	B.V.I.	Real Estate	100,00%	75,00%	2009
S&B Industrial Minerals North America Inc.	U.S.A.	Industrial Minerals	100,00%	100,00%	1999
Stollberg Inc.	U.S.A.	Industrial Minerals	100,00%	100,00%	2004
ASIA					
S&B Industrial Minerals (Henan) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	1996
Guizhou S&B New-Typed Material Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2009
S&B Jilin Wollastonite Co Ltd.	China	Industrial Minerals	100,00%	100,00%	2005
S&B Industrial Minerals (Tianjin) Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2006
Panshi Huanyu Wollastonite Co. Ltd.	China	Industrial Minerals	100,00%	100,00%	2007
Stollberg India Pvt. Ltd.	India	Industrial Minerals	100,00%	100,00%	2004
S&B Endustriyel Mineraller A.Ş.	Turkey	Industrial Minerals	99,72%	99,72%	1996
Pabalk Maden A.Ş.	Turkey	Industrial Minerals	98,73%	98,73%	1995
AFRICA					
Naimex S.A.R.L.	Morocco	Industrial Minerals	100,00%	100,00%	2003
S&B Ind. Min. Morocco S.A.R.L.	Morocco	Industrial Minerals	100,00%	100,00%	2008

Footnotes

- As of January 1st, Denain Anzin Metallurgie S.A.S. was merged with S&B Industrial Minerals S.A.R.L..
- In September 2011, Asian Minerals Ltd. was dissolved.
- Within 2011, the Group acquired the remaining 25% participation that ORYMIL S.A. (a related party) held in Cape Trahilas Enterprises Ltd. and its direct subsidiaries for a consideration of € 1.
- On December 31, 2011, these entities are under dissolution process.

(Amounts in thousand Euro, unless otherwise stated)

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

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

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

	The Company	
	December 31	December 31
	2011	2010
S&B Holding GmbH	127.390	127.390
Greek Helicon Bauxites S.A.	-	4.232
Sarda Perlite S.r.l.	972	972
Sibimin Overseas Ltd.	886	886
Isocon S.A.	90	90
Askana Ltd.	0	0
Asian Minerals Ltd.	-	0
	129.338	133.570

It is noted that the investment in the fully-owned subsidiary of the Company Greek Helicon Bauxites S.A. is classified as held for sale in the Company statement of financial position (Note 4).

Dividend income from subsidiaries recognized in the Company's income statement for the years ended December 31, 2011 and 2010, respectively, are as follows:

	The Company	
	December 31	December 31
	2011	2010
Sarda Perlite S.r.l.	151	168
	151	168

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

	Statement of Financial Position		Income Statement	
	December 31	December 31	1/1-31/12	1/1-31/12
	2011	2010	2011	2010
Sarda Perlite S.r.l.	527	474	123	26
Stollberg & Samil Co. Ltd. (concerning non-controlling interests of Qing Dao)	167	146	11	22
S&B Industrial Minerals AD	34	40	2	4
Askana Ltd.	10	10	(1)	-
S&B Endustriyel Mineraller A.Ş.	7	4	2	-
SLS Baustoffe GmbH	2	2	-	1
Sibimin Overseas Ltd.	1	2	(1)	1
Isocon S.A.	(89)	34	(123)	(237)
Pabalk Maden A.Ş.	(1)	(2)	(1)	-
Cape Trachilas One Ltd.	-	2	-	3
Cape Trachilas Two Ltd.	-	2	-	3
Milos Island Resort Ltd.	-	(1)	-	(1)
Cape Trachilas One S.A.	-	(4)	(2)	(3)
Cape Trachilas Three S.A.	-	(5)	(3)	(4)
Cape Trachilas Two S.A.	-	(37)	(5)	(19)
Cape Trachilas Enterprises Ltd.	-	(106)	(64)	(54)
Total non-controlling interests of Group	658	561	(62)	(258)

(Amounts in thousand Euro, unless otherwise stated)

4. DISCONTINUING OPERATIONS

On November 8, 2011 the Company announced the initial agreement for the gradual disposal of its bauxite operations in Greece to Aluminium S.A., a fully owned subsidiary of Mytilineos Holdings S.A. The initially agreed price of € 61.072 is to be confirmed upon completion of the financial, legal, tax and technical due diligence process.

Upon the successful completion of the process, a detailed procedure, the terms and the relevant timeline for the gradual transfer of Bauxite operations to Aluminium S.A. will be set. The initial agreement foresees the contribution of the Group's Bauxite activity in Greece to Delphi Distomon S.A. (D.D.), a fully-owned subsidiary of Aluminium S.A. engaged in bauxite production, in which the Company will become a shareholder. Thereafter, Aluminium S.A. will gradually acquire the Company's contributed share in D.D., so that its own share in D.D. initially reaches 51% and thereafter will proceed to the acquisition of the remaining 49% share gradually over the following 30-month period.

At December 31, 2011, the net assets of the Company's Bauxite operations in Greece and "Greek Helicon Bauxite S.A.", a fully-owned subsidiary of the Company, were classified as a held for sale in the Group and Company statements of financial position. Furthermore, their results for the years ended December 31, 2010 and 2011 were reclassified and are presented in accordance with the provisions of IFRS 5 "Non-current assets held for sale and Discontinued operations" separately on the face of the Group and Company income statements as "Discontinuing Operations". Moreover, in accordance with the provisions of IFRS 5, the depreciation of the non-current assets classified as held for sale has ceased for approximately 2 months following the aforementioned announcement.

The assets held for sale and the associated liabilities of the disposal group are presented separately in the December 31, 2011, statement of financial position of the Group and the Company. The major classes of assets and liabilities of the disposal group are presented below:

	Note	1/1-31/12/2011	
		The Group	The Company
Non-current assets			
Property, plant and equipment	16	52.281	51.788
Other intangible assets	19	176	176
Investments in subsidiaries		-	4.232
Deferred tax assets	13	141	141
Other non-current assets		68	64
		52.666	56.401
Current assets			
Inventories		15.029	15.029
Trade receivables		3.667	3.667
Due from related parties		-	2
Other current assets		1.194	1.186
Cash and cash equivalents		29	1
		19.919	19.885
Total Assets		72.585	76.286
Non-current liabilities			
Provision for staff leaving indemnities	31	1.966	1.966
Provision for environmental rehabilitation	32	7.583	7.336
Other provisions		1.526	1.377
Other non-current liabilities		402	-
		11.477	10.679
Current liabilities			
Trade payables		7.295	7.282
Due to related parties		-	1.075
Other current liabilities		5.260	5.204
		12.555	13.561
Total liabilities		24.032	24.240

(Amounts in thousand Euro, unless otherwise stated)

4. DISCONTINUING OPERATIONS (continued)

The net cash flows attributable to the discontinuing operations for the years ended December 31, 2011 and 2010, respectively, are presented below:

	The Group		The Company	
	1/1 - 31/12 2011	1/1 - 31/12 2010	1/1 - 31/12 2011	1/1 - 31/12 2010
Net cash flows from operating activities	7.902	(4.032)	7.783	(4.075)
Net cash flows used in investing activities	(20.238)	(10.111)	(20.238)	(10.078)
Net cash flows used in financing activities	-	(2)	1	-
Net cash outflow	(12.336)	(14.145)	(12.454)	(14.153)

5. SALES

Sales presented in the financial statements are analyzed as follows:

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Bentonite	208.719	190.175	69.412	68.488
Perlite	67.704	66.159	36.162	33.444
Continuous casting fluxes	100.418	93.899	-	-
Minerals trading	40.424	36.603	-	-
Bauxite (continuing operations)	3.798	3.238	3.798	3.238
Other	1.724	1.565	1.725	1.566
	422.787	391.639	111.097	106.736
Sales of discontinuing operations	32.933	28.495	32.935	28.502
Total sales	455.720	420.134	144.032	135.238

6. COST OF SALES

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Consumptions	163.664	144.042	19.934	17.300
Freights	47.131	45.020	22.101	21.711
Payroll cost	37.839	35.954	11.033	10.858
Depreciation & amortization	15.291	15.528	6.783	6.511
Third party fees	13.899	13.592	10.786	11.450
Gas & Electricity	14.474	13.243	2.056	1.919
Rentals & Utilities	5.068	6.611	552	541
Taxes - duties	1.395	1.175	346	255
Impairment loss of PPE (Note 16)	294	-	-	-
Other expenses	14.666	13.476	2.502	2.196
	313.721	288.641	76.093	72.741
Cost of sales of discontinuing operations	30.899	38.114	31.052	37.417
Total cost of sales	344.620	326.755	107.145	110.158

(Amounts in thousand Euro, unless otherwise stated)

7. ADMINISTRATIVE EXPENSES

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Payroll cost	22.050	26.322	12.917	16.758
Utilities	6.175	6.250	3.781	3.617
Third party fees	6.039	5.816	3.708	2.768
Depreciation & amortization	1.743	1.736	742	789
Taxes - duties	1.242	872	763	629
Impairment loss of intangibles (Note 19)	1.083	-	-	-
Other expenses	4.407	4.178	2.690	2.443
	42.739	45.174	24.601	27.004
Administrative expenses of discontinuing operations	2.129	1.155	2.096	1.324
Total administrative expenses	44.868	46.329	26.697	28.328

8. SELLING EXPENSES

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Payroll cost	13.051	13.143	1.705	1.779
Utilities	3.182	2.963	273	63
Depreciation & amortization	2.009	1.958	80	85
Third party fees	1.488	1.257	356	404
Provision for bad debts	725	1.224	150	262
Taxes-duties	62	49	1	2
Other expenses	3.846	3.007	510	394
	24.363	23.601	3.075	2.989
Selling expenses of discontinuing operations	352	313	352	313
Total selling expenses	24.715	23.914	3.427	3.302

(Amounts in thousand Euro, unless otherwise stated)

9. OTHER INCOME

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Income from rentals	1.490	1.600	1.500	1.632
Income from services rendered	675	611	2.240	2.328
Reversal of environment rehabilitation and other provisions	361	599	142	333
Subsidies on expenditure	190	428	188	426
Income from commissions	101	25	23	27
Gains from disposal of property, plant and equipment	37	218	-	4
Other income	1.424	1.154	456	73
	4.278	4.635	4.549	4.823
Other income of discontinuing operations	178	1.002	187	995
Total other income	4.456	5.637	4.736	5.818

10. OTHER EXPENSES

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Impairment loss of Investment property (Note 17)	1.080	-	1.080	-
Impairment loss of PPE (Note 16)	423	-	-	-
Losses from disposal of property, plant and equipment	343	59	20	-
Provision for impairment of inventory and other receivables	202	-	-	-
Fines and penalties	45	545	38	509
Dismantling costs of property, plant & equipment	-	380	-	-
Other expenses	763	174	132	8
	2.856	1.158	1.270	517
Other expenses of discontinuing operations	3.516	4	3.506	-
Total other expenses	6.372	1.162	4.776	517

(Amounts in thousand Euro, unless otherwise stated)

11. FINANCE INCOME

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Interest income (Note 26)	261	406	33	197
Gains from settlement of derivatives on oil (Note 34)	333	-	333	-
Foreign exchange gains, net	-	-	7	432
Other	-	1	-	-
Total finance income	594	407	373	629

12. FINANCE COSTS

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Interest expense on long term loans and borrowings (Note 33)	5.149	2.981	4.032	1.935
Interest expense on short term borrowings (Note 36)	1.425	1.562	1.290	1.418
Finance cost of staff leaving indemnities provision (Note 31)	813	872	382	412
Finance cost of environmental rehabilitation provision	497	491	407	377
Bank charges	546	432	256	184
Foreign exchange losses, net	125	120	-	-
Amortization of loan expenses	97	113	49	56
Finance cost of other provisions	22	-	-	-
	8.674	6.571	6.416	4.382
Finance costs of discontinuing operations	693	683	692	681
Total finance costs	9.367	7.254	7.108	5.063

13. INCOME TAX (CURRENT AND DEFERRED)

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

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Current income tax	10.222	9.933	111	2.162
Deferred income tax	1.183	(1.050)	1.047	(1.162)
Total income tax	11.405	8.883	1.158	1.000

The income tax expense has been calculated based on the profit before income tax in conjunction with the nominal tax rate applicable to the Company. The nominal income tax rate applicable to the Company for its Greek operations is 20% for 2011 and 24% for 2010. The statutory income tax rate for the Company's foreign operation, through its branch, is 31,4% for the years 2011 and 2010.

(Amounts in thousand Euro, unless otherwise stated)

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

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

The Group effective income tax rate differs from the aggregate nominal one due to various factors. The most significant of which are, the taxable profit mix across the Group, various permanent differences, non-calculated deferred tax income for certain incurred losses and the extraordinary tax for social responsibility imposed by the Greek government in 2010.

It is noted that no amount of current income tax is allocated to Discontinuing operations as any relevant liability lies within the Group.

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the Group and the Company for the years ended December 31, 2011 and 2010 is as follows:

	The Group	
	December 31 2011	December 31 2010
Profit before tax for the Group	31.960	21.758
Company's tax rate	20%	24%
Income tax calculated at the nominal applicable tax rate	6.392	5.222
- Impact from profits from subsidiaries taxed at different rates	3.402	1.145
- Non tax deductible expenses	902	615
- Additional taxes	534	1.155
- Impact from losses of subsidiaries on which no deferred tax was calculated	175	746
Total Group income tax expense	11.405	8.883
	The Company	
	December 31 2011	December 31 2010
Profit / (loss) before tax	676	(5.470)
Income tax calculated at the nominal applicable tax rate of the Greek operation	106	(1.313)
- Foreign operation	50	-
Non tax deductible expenses		
- Additional taxes	4	1.030
- Non tax deductible expenses	402	563
- B.O.D. fees and other employee benefits	92	167
- Impact from losses of foreign branch on which no deferred tax was calculated	-	334
- Other	504	219
Company income tax expense	1.158	1.000

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

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

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

Entity	Footnote	Country	Unaudited tax years
EUROPE			
S&B Industrial Minerals AD		Bulgaria	2007-2011
S&B Industrial Minerals S.A.R.L.	(3)	France	2006-2011
S&B Industrial Minerals GmbH	(2)	Germany	2010-2011
S&B Holding GmbH	(2)	Germany	2010-2011
SLS Baustoffe GmbH	(2)	Germany	2010-2011
Orykton GmbH		Germany	2010-2011
Askana Ltd.		Georgia	2003-2011
S&B Industrial Minerals S.A.	(4)	Greece	2010-2011
Isocon S.A.		Greece	2007-2011
Greek Helicon Bauxites S.A.		Greece	2010-2011
Cape Trahilas One S.A.		Greece	2010-2011
Cape Trahilas Two S.A.		Greece	2010-2011
Cape Trahilas Three S.A.		Greece	2010-2011
S&B Industrial Minerals Spain S.L.u.		Spain	2006-2011
Sarda Perlite S.r.l.	(5)	Italy	2007-2011
Sibimin Overseas Ltd.		Cyprus	2006-2011
Cape Trahilas Enterprises Ltd.		Cyprus	2007-2011
Cape Trahilas One Ltd.		Cyprus	2007-2011
Cape Trahilas Two Ltd.		Cyprus	2007-2011
Cebo International B.V.		Netherlands	2010-2011
Cebo Holland B.V.		Netherlands	2010-2011
Cebo Marine B.V.		Netherlands	2010-2011
Cebo U.K. Ltd.		G. Britain	2010-2011
S&B Industrial Minerals Kft.		Hungary	2006-2011
S&B Industrial Minerals SP Z.O.O.		Poland	2008-2011
AMERICA			
S&B Industrial Minerals North America Inc.	(1)	U.S.A.	2009-2011
Stollberg Inc.	(1)	U.S.A.	2009-2011
Stollberg do Brazil Ltda		Brazil	2005-2011
Milos Island Resort Ltd.		B.V.I.	2011
ASIA			
S&B Industrial Minerals (Henan) Co. Ltd.		China	2010-2011
S&B Jilin Wollastonite Co Ltd.		China	2005-2011
S&B Industrial Minerals (Tianjin) Co. Ltd.		China	2006-2011
Panshi Huanyu Wollastonite Co. Ltd.		China	2007-2011
Qing Dao Stollberg & Samil Co.Ltd.		China	2008-2011
S&B Endustriyel Mineraller A.Ş.		Turkey	2005-2011
Pabalk Maden A.Ş.		Turkey	2005-2011
Pergem Mineral A.Ş.		Turkey	2010-2011
Organik Madencilik Ltd.		Turkey	2011
Stollberg India Pvt. Ltd.		India	2011
Stollberg & Samil Co. Ltd.		Korea	2004-2011
AFRICA			
Naimex S.A.R.L.		Morocco	2006-2011
S&B Ind. Min. Morocco S.A.R.L.		Morocco	2008-2011

Footnotes:

- (1) Within 2011, the tax authorities concluded a tax audit of these entities up to fiscal year 2008. A final assessment was issued awarding the amount of € 3 to the entities.
- (2) Within 2011, the tax authorities concluded a tax audit to S&B Industrial Minerals GmbH, S&B Holding GmbH and SLS Baustoffe GmbH for the fiscal years 2006-2009. A total amount of € 584 of additional taxes was assessed, which was charged to the 2011 income statement.
- (3) Unaudited tax years for S&B Industrial Minerals S.A.R.L. are 2009-2011. However, this period extends back to 2006 due to the merger with Denain Anzin Metallurgie S.A.S.
- (4) Within 2010, the tax authorities concluded a tax audit of the Company for the fiscal years 2008 and 2009, as well as the merged company Parnassos for the fiscal years 2007 and 2008. A total amount of € 657 of additional taxes was assessed, out of which € 246 was charged to 2010 income statement. For the fiscal year ended December 31, 2011, the Company is under audit from its statutory auditors in accordance to the law 3842/2010, as implemented by ΠΟΛ 1159/2011.
- (5) This entity is currently under audit from tax authorities.

(Amounts in thousand Euro, unless otherwise stated)

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

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

The Group has not recognized deferred tax assets for cumulative tax losses of specific subsidiaries, amounting to € 11,7 million approximately. The main reason for this is the uncertainty of when these companies will start to generate taxable profits and the rolling expiration of the right to carry forward these tax losses.

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

	The Group		The Company	
	1/1-31/12	1/1-31/12	1/1-31/12	1/1-31/12
	2011	2010	2011	2010
Beginning balance, net asset / (liability)	(10.819)	(11.858)	2.016	738
(Debit) / credit of the income statement	(1.183)	1.050	(1.047)	1.162
Deferred income tax credited in equity	293	116	293	116
Currency translation differences	(83)	(127)	-	-
<i>Less : Deferred income tax of discontinued operations</i>	(141)	-	(141)	-
Ending balance of deferred income tax, net asset / (liability)	(11.933)	(10.819)	1.121	2.016

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

	The Group	
	December 31	December 31
	2011	2010
Net deferred income tax asset	3.584	4.145
Net deferred income tax liability	(15.517)	(14.964)
	(11.933)	(10.819)

(Amounts in thousand Euro, unless otherwise stated)

14. DEPRECIATION / AMORTIZATION

Depreciation/amortization expense for the years ended December 31, 2011 and 2010 is as follows:

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Depreciation and amortization of fixed assets:				
- Property, plant and equipment (Note 16)	16.995	17.544	7.444	7.505
- Other intangible assets (Note 19)	1.953	1.850	3	5
- Investment property (Note 17)	274	272	274	272
	<u>19.222</u>	<u>19.666</u>	<u>7.721</u>	<u>7.782</u>
Depreciation of tangible assets held for sale (Note 16)	9.544	13.419	9.544	12.678
Amortization of intangible assets held for sale (Note 19)	17	190	17	24
	<u>17</u>	<u>190</u>	<u>17</u>	<u>24</u>
Total depreciation and amortization of fixed assets	28.783	33.275	17.282	20.484
Depreciation capitalized, continuing operations	(40)	(31)	(40)	(31)
Depreciation capitalized, discontinuing operations	(329)	(352)	(329)	(352)
Depreciation and amortization expensed	28.414	32.892	16.913	20.101

In addition to the above, € 13 and € (220) for the years ended December 31, 2011 and 2010, respectively, are included in consumptions in the cost of sales of continuing operations, relating to depreciation included in prior years' ending inventories. The corresponding amounts for discontinuing operations are € (1.199) and € (1.276) for the years ended December 31, 2011 and 2010, respectively.

15. PAYROLL COST

Payroll cost for the years ended December 31, 2011 and 2010 is as follows:

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
Wages and salaries	57.482	57.219	20.160	21.259
Social security costs	10.884	10.737	3.648	3.705
Other staff costs	3.076	3.926	556	1.533
Staff leaving indemnities	1.936	4.339	1.284	3.223
Share based payments	1.077	648	1.077	648
	<u>74.455</u>	<u>76.869</u>	<u>26.725</u>	<u>30.368</u>
Payroll cost of discontinuing operations	10.248	9.271	10.249	9.271
Total payroll cost	84.703	86.140	36.974	39.639
Payroll cost capitalized continuing operations	(699)	(559)	(688)	(559)
Payroll cost capitalized discontinuing operations	(2.312)	(1.907)	(2.312)	(1.907)
	<u>(3.011)</u>	<u>(2.466)</u>	<u>(3.000)</u>	<u>(2.466)</u>
Total Payroll cost capitalized	(3.011)	(2.466)	(3.000)	(2.466)
Payroll cost expensed	81.692	83.674	33.974	37.173

16. PROPERTY, PLANT AND EQUIPMENT

Due to the slowdown in the industries served in Spain, the Group decided that the net book value of specific tangible and intangible assets of S&B Industrial Minerals S.A. Spain Slu, which operates in the Perlite segment, is not expected to be recovered and therefore recognized an impairment loss in the income statement of 2011, amounting to € 1.800, out of which € 717 refers to tangible assets and € 1.083 to intangible assets (Note 19).

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(Amounts in thousand Euro, unless otherwise stated)

16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Ores - Mines	Land	Buildings	Machinery	Transportation Means	Furniture and Fixtures	Construction in Progress	Total
Cost								
January 1, 2010	103.149	28.547	92.598	163.907	15.748	18.710	11.808	434.467
Additions	13.228	603	799	2.706	486	534	6.446	24.802
Disposals	(1.741)	-	(286)	(1.018)	(152)	(51)	-	(3.248)
Write offs	-	-	(3)	(14)	(9)	-	3	(23)
Exchange Difference	139	146	1.794	2.549	85	176	1	4.890
Transfers to Investment property	-	-	-	-	-	-	(118)	(118)
Transfers	24	-	765	2.901	207	118	(4.015)	-
December 31, 2010	114.799	29.296	95.667	171.031	16.365	19.487	14.125	460.770
Additions	26.176	1.040	262	4.242	967	573	11.879	45.139
Disposals	(18)	(703)	(14)	(289)	(293)	(105)	-	(1.422)
Write offs	-	-	(26)	(59)	(6)	(51)	-	(142)
Impairment loss	-	(423)	-	(294)	-	-	-	(717)
Exchange Difference	26	3	(418)	(149)	9	(56)	(56)	(641)
Transfers	78	4	10.277	8.321	412	61	(19.153)	-
PPE of discont.operations	(89.324)	(568)	(8.615)	(27.725)	(8.937)	(1.039)	(32)	(136.240)
December 31, 2011	51.737	28.649	97.133	155.078	8.517	18.870	6.763	366.747
Accumulated depreciation								
January 1, 2010	62.914	235	41.401	106.116	11.373	17.070	13	239.122
Depreciation charge for the year	15.845	88	3.881	9.195	895	1.059	-	30.963
Disposals	(941)	-	(160)	(659)	(109)	(38)	-	(1.907)
Write offs	-	-	(1)	(20)	(9)	-	-	(30)
Exchange Difference	49	2	680	1.615	47	127	(13)	2.507
Transfers	-	-	(28)	49	2	(22)	-	1
December 31, 2010	77.867	325	45.773	116.296	12.199	18.196	-	270.656
Depreciation charge for the year	12.077	78	3.830	8.649	861	1.044	-	26.539
Disposals	-	-	(12)	(273)	(258)	(92)	-	(635)
Write offs	-	-	(23)	(57)	(6)	(47)	-	(133)
Exchange Difference	12	(5)	(93)	(58)	15	(31)	-	(160)
Transfers	26	1	(3)	(24)	-	-	-	-
PPE of discont.operations	(55.000)	-	(4.526)	(16.819)	(6.642)	(972)	-	(83.959)
December 31, 2011	34.982	399	44.946	107.714	6.169	18.098	-	212.308
Net Book Value								
January 1, 2010	40.235	28.312	51.197	57.791	4.375	1.640	11.795	195.345
December 31, 2010	36.932	28.971	49.894	54.735	4.166	1.291	14.125	190.114
December 31, 2011	16.755	28.250	52.187	47.364	2.348	772	6.763	154.439

Additions in 2011 include an amount of € 1.230 transferred from Inventory and transfers to Investment properties in 2010 amounted to € 118 (Note 17).

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Ores - Mines	Land	Buildings	Machinery	Transportation Means	Furniture and Fixtures	Construction in Progress	Total
Cost								
January 1, 2010	95.467	7.639	35.427	64.585	11.278	11.810	10.533	236.739
Additions	12.752	460	6	156	1	210	4.188	17.773
Disposals	(644)	-	-	(105)	-	-	-	(749)
Write offs	-	-	-	-	-	-	-	-
Transfers to Investment property	-	-	-	-	-	-	(118)	(118)
Transfers	-	-	233	1.796	167	-	(2.196)	-
December 31, 2010	107.575	8.099	35.666	66.432	11.446	12.020	12.407	253.645
Additions	23.674	1.030	4	1.274	255	219	6.777	33.233
Disposals	-	-	-	-	(20)	(3)	-	(23)
Write offs	-	-	-	-	(91)	-	-	(91)
Transfers	-	-	9.635	5.598	229	-	(15.464)	(2)
PPE of discount operations	(88.291)	(59)	(8.624)	(27.731)	(8.938)	(1.039)	(32)	(134.714)
December 31, 2011	42.958	9.070	36.681	45.573	2.881	11.197	3.688	152.048
Accumulated depreciation								
January 1, 2010	59.903	-	17.961	39.028	8.158	10.685	-	135.735
Depreciation charge for the year	14.648	-	1.275	3.279	466	515	-	20.183
Disposals	-	-	-	(101)	-	-	-	(101)
December 31, 2010	74.551	-	19.236	42.206	8.624	11.200	-	155.817
Depreciation charge for the year	11.731	-	1.248	3.091	416	502	-	16.988
Disposals	-	-	-	-	(90)	(3)	-	(93)
PPE of discount operations	(53.967)	-	(4.526)	(16.819)	(6.642)	(972)	-	(82.926)
December 31, 2011	32.315	-	15.958	28.478	2.308	10.727	-	89.786
Net Book Value								
January 1, 2010	35.564	7.639	17.466	25.557	3.120	1.125	10.533	101.004
December 31, 2010	33.024	8.099	16.430	24.226	2.822	820	12.407	97.828
December 31, 2011	10.643	9.070	20.723	17.095	573	470	3.688	62.262

Additions in 2011 include an amount of € 1.230 transferred from Inventory and transfers to Investment properties in 2010 amounted to € 118 (Note 17).

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<u>Mining Land</u>	<u>Mine Development Expenditure</u>	<u>Environment Rehabilitation Expenditure</u>	<u>Exploration and Evaluation Expenditure</u>	<u>Total</u>
Cost					
January 1, 2010	20.650	71.358	7.054	4.087	103.149
Additions	367	10.982	-	1.879	13.228
Disposals	(59)	(1.038)	(644)	-	(1.741)
Exchange Difference	-	138	-	1	139
Transfers	-	24	-	-	24
December 31, 2010	20.958	81.464	6.410	5.967	114.799
Additions	135	21.584	2.926	1.531	26.176
Disposals	-	-	-	(18)	(18)
Exchange Difference	-	26	-	-	26
Transfers	-	6	-	72	78
Ores-Mines of discount. operations	(228)	(76.156)	(5.560)	(7.380)	(89.324)
December 31, 2011	20.865	26.924	3.776	172	51.737
Accumulated Depreciation					
January 1, 2010	11.410	46.275	4.663	566	62.914
Depreciation charge for the year	1.153	13.251	586	855	15.845
Disposals	(41)	(900)	-	-	(941)
Exchange Difference	-	48	-	1	49
December 31, 2010	12.522	58.674	5.249	1.422	77.867
Depreciation charge for the year	706	10.780	231	360	12.077
Exchange Difference	-	10	2	-	12
Transfers	-	-	-	26	26
Ores-Mines of discount. operations	(226)	(50.119)	(2.969)	(1.686)	(55.000)
December 31, 2011	13.002	19.345	2.513	122	34.982
Net Book Value					
January 1, 2010	9.240	25.083	2.391	3.521	40.235
December 31, 2010	8.436	22.790	1.161	4.545	36.932
December 31, 2011	7.863	7.579	1.263	50	16.755

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<u>Mining Land</u>	<u>Mine Development Expenses</u>	<u>Environment Rehabilitation Expenses</u>	<u>Exploration and Evaluation Expenditure</u>	<u>Total</u>
<u>Cost</u>					
January 1, 2010	16.328	69.290	6.506	3.343	95.467
Additions	-	10.883	-	1.869	12.752
Disposals	-	-	(644)	-	(644)
December 31, 2010	16.328	80.173	5.862	5.212	107.575
Additions	27	20.255	1.878	1.514	23.674
Disposals	-	-	-	-	-
Ores-Mines of discont.operations	(229)	(75.867)	(5.470)	(6.725)	(88.291)
December 31, 2011	16.126	24.561	2.270	1	42.958
<u>Accumulated depreciation</u>					
January 1, 2010	10.408	44.976	4.115	404	59.903
Depreciation charge for the year	697	13.097	586	268	14.648
December 31, 2010	11.105	58.073	4.701	672	74.551
Depreciation charge for the year	632	10.561	178	360	11.731
Ores-Mines of discont.operations	(226)	(49.831)	(2.879)	(1.031)	(53.967)
December 31, 2011	11.511	18.803	2.000	1	32.315
<u>Net Book Value</u>					
January 1, 2010	5.920	24.314	2.391	2.939	35.564
December 31, 2010	5.223	22.100	1.161	4.540	33.024
December 31, 2011	4.615	5.758	270	-	10.643

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Cost	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Mines	1.281	1.048	-	-
Land	-	105	-	-
Buildings	15.592	16.630	7.547	6.902
Machinery	64.798	62.378	20.304	18.939
Transportation means	7.292	7.153	4.855	4.869
Furniture and fixtures	14.153	14.029	10.440	9.441
Total	103.116	101.343	43.146	40.151

No liens exist on the Group's and the Company's property, plant and equipment except for a mortgage of € 1,1 million on the property, plant and equipment of S&B Industrial Minerals AD (see note 39).

17. INVESTMENT PROPERTIES

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

	Land	Buildings	Total
Cost			
January 1, 2010	14.679	10.952	25.631
Transfers	-	118	118
December 31, 2010	14.679	11.070	25.749
Impairment loss	(1.080)	-	(1.080)
December 31, 2011	13.599	11.070	24.669
Accumulated depreciation			
January 1, 2010	-	5.263	5.263
Depreciation charge for the year	-	272	272
December 31, 2010	-	5.535	5.535
Depreciation charge for the year	-	274	274
December 31, 2011	-	5.809	5.809
Net Book Value			
January 1, 2010	14.679	5.689	20.368
December 31, 2010	14.679	5.535	20.214
December 31, 2011	13.599	5.261	18.860

In 2011, the book value of an investment land was written-down from its historic cost € 4.240 to its current recoverable amount of € 3.160.

Investment properties are leased to third and related parties for the purpose of housing and warehouse storage. Rental fees on investment properties amounted to € 1.505 and € 1.636 for the years ended December 31, 2011 and 2010, respectively. Repairs and maintenance costs incurred for such investment properties amounted to € 173 and € 112 for the years ended December 31, 2011 and 2010, respectively. At December 31, 2011 the Company was engaged in operating lease contracts of its investment property that expire in various dates through to 2022.

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

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17. INVESTMENT PROPERTIES (continued)

The minimum future rental fees to be received on investment properties, under non-cancelable lease contracts, as of December 31, 2011 and 2010 are the following:

	December 31 2011	December 31 2010
	(in million Euro)	
Within one year	1,5	1,6
2-5 years	5,9	6,2
After 5 years	5,0	3,1
	12,4	10,9

The fair value of investment property for the Group and the Company as of December 31, 2011 and 2010 amounted to approximately € 22 million and € 26,4 million, respectively.

18. GOODWILL

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

	Bentonite	Perlite	C.C.F.	Total
Balance January 1, 2010	55.839	10.403	16.470	82.712
Additions	-	269	-	269
Exchange Difference	129	36	291	456
Balance December 31, 2010	55.968	10.708	16.761	83.437
Exchange Difference	59	15	132	206
Balance December 31, 2011	56.027	10.723	16.893	83.643

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

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

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

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

The discount rate applied to cash flow projections for all business activities is, on a pre-tax basis, 13,6% for 2011 and 12% for 2010, respectively. For the Bentonite and Perlite activities, cash flows beyond the 5-year period are extrapolated using a 2% growth rate for both 2011 and 2010, whereas for CCF activities the respective growth rate is 1% for both 2011 and 2010.

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18. GOODWILL (continued)

Key assumptions used for the calculation of the value in use of the cash generating units for December 31, 2011 and 2010:

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

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

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

The impairment tests performed as of December 31, 2011 did not indicate any impairment losses with respect to the above goodwill amounts.

With regard to the value in use of the three cash generating units, management believes that no reasonably possible change in any of the above key assumptions would cause their carrying value to materially exceed their recoverable amounts.

19. OTHER INTANGIBLE ASSETS

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

	Software	Concessions- licenses - rights	Trademarks- Tradenames	Customer lists	Total
Cost					
January 1, 2010	5.852	8.004	8.217	16.902	38.975
Additions	106	268	1.235	-	1.609
Write offs	-	(7)	-	-	(7)
Exchange Difference	30	275	51	10	366
Transfers	27	(103)	3	73	-
December 31, 2010	6.015	8.437	9.506	16.985	40.943
Additions	61	315	1	-	377
Impairment loss	-	-	(1.083)	-	(1.083)
Write offs	-	(7)	-	-	(7)
Exchange Difference	(5)	(124)	22	7	(100)
Transfers	53	(173)	-	120	-
<i>Intangible assets of discontinuing operations</i>	-	(889)	-	-	(889)
December 31, 2011	6.124	7.559	8.446	17.112	39.241
Accumulated amortization					
January 1, 2010	5.638	5.352	96	5.896	16.982
Amortization charge for the year	121	464	78	1.377	2.040
Write Offs	-	9	-	-	9
Exchange Difference	21	133	8	1	163
Transfers	-	1	-	-	1
December 31, 2010	5.780	5.959	182	7.274	19.195
Amortization charge for the year	92	281	172	1.425	1.970
Exchange Difference	(4)	(166)	5	4	(161)
<i>Intangible assets of discontinuing operations</i>	-	(713)	-	-	(713)
December 31, 2011	5.868	5.361	359	8.703	20.291
Net Book Value					
January 1, 2010	214	2.652	8.121	11.006	21.993
December 31, 2010	235	2.478	9.324	9.711	21.748
December 31, 2011	256	2.198	8.087	8.409	18.950

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19. OTHER INTANGIBLE ASSETS (continued)

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

	<u>Software</u>	<u>Concessions - licenses - rights</u>	<u>Total</u>
Cost			
January 1, 2010	3.123	828	3.951
Additions	-	-	-
December 31, 2010	3.123	828	3.951
Transfers	3	-	3
Intangible assets of discont.operations	-	(682)	(682)
December 31, 2011	<u>3.126</u>	<u>146</u>	<u>3.272</u>
Accumulated depreciation			
January 1, 2010	3.115	611	3.726
Amortization charge for the year	5	24	29
December 31, 2010	3.120	635	3.755
Amortization charge for the year	3	17	20
Intangible assets of discont.operations	-	(506)	(506)
December 31, 2011	<u>3.123</u>	<u>146</u>	<u>3.269</u>
Net Book Value			
January 1, 2010	8	217	225
December 31, 2010	3	193	196
December 31, 2011	<u>3</u>	<u>-</u>	<u>3</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31 2011</u>	<u>December 31 2010</u>	<u>December 31 2011</u>	<u>December 31 2010</u>
Cost				
Software	5.584	5.557	3.123	3.110
Concessions and licenses	2.259	2.220	598	598
Other Intangibles	709	558	-	-
Customer Lists	195	72	-	-
Total	<u>8.747</u>	<u>8.407</u>	<u>3.721</u>	<u>3.708</u>

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20. INVESTMENTS IN ASSOCIATES

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Laviosa Chimica Mineraria S.p.a.	7.223	7.608	3.164	3.164
Laviosa Promasa S.A.	1.069	888	208	208
Protovoulia Milos S.A.	807	809	826	826
Xinyang- Athenian Mining Co	820	648	-	-
Angang Stollberg & Samil Co. Ltd.	374	689	-	-
Adventus Europe GmbH	-	82	-	-
	10.293	10.724	4.198	4.198

The following table provides additional information for the above associates:

Associate	Country	Field of activity	% Participation		Year Established / Acquired
			31/12/2011	31/12/2010	
Laviosa Chimica Mineraria S.p.A.	Italy	Industrial Minerals	35,00%	35,00%	1997
Laviosa Sanayi Ve Ticaret Ltd. ⁽¹⁾	Turkey	Industrial Minerals	35,00%	35,00%	2008
Laviosa Trimex Industries Ltd. ⁽¹⁾	India	Industrial Minerals	19,00%	19,00%	2009
Laviosa MPC SAS ⁽¹⁾	France	Industrial Minerals	28,00%	28,00%	2010
Minersarda S.p.A.	Italy	Industrial Minerals	35,00%	35,00%	1993
Laviosa Promasa S.A. ⁽²⁾	Spain	Industrial Minerals	29,52%	29,52%	1997
Xinyang- Athenian Mining Co Ltd. (XAMCO)	China	Industrial Minerals	25,00%	25,00%	1996
Angang Stollberg & Samil Co. Ltd. ⁽³⁾	China	Industrial Minerals	25,00%	25,00%	2010
Protovoulia Milos S.A.	Greece	Other activities	43,07%	43,07%	2007
Adventus Europe GmbH	Germany	Other activities	-	42,00%	2010

Footnotes

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

In November 2011, the Group sold its investment in Adventus Europe GmbH for a consideration of € 243. The resulted gain from the above disposal amounted to € 243 on consolidated level due to the accumulated losses of the associate and is recognized in "Gain from the disposal of associates" in the income statement for the year ended December 31, 2011.

On January 26, 2010 the Group signed an agreement for the establishment of a 30 year joint venture with the Angang Industry Group Co. Ltd., in the northern part of China (Liaoning Province). The agreement has been signed between Stollberg & Samil Co. Ltd, an existing jointly controlled entity of S&B in Korea, and the Angang Industry Group Co. Ltd., an affiliate of Angang Steel Co. Ltd. (Angang). The purpose of the newly formed joint venture is to create an in-house supply of metallurgical fluxes for the steel production division of Angang. Within this scope, a new plant was established in proximity of Angang's steel plant in the area in December 2010. The total investment amounts to USD 6 million. S&B's proportionate participation at Group level is USD 1,5 million out of which USD 1,05 million (€ 0,8 million) was paid as of December 31, 2010. No additional payments were made within 2011.

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20. INVESTMENTS IN ASSOCIATES (continued)

Dividend income from associates, net of taxes, received for the years ended December 31, 2011 and 2010, respectively, are as follows:

	The Group	
	December 31 2011	December 31 2010
Laviosa Chimica Mineraria S.p.A.	230	-
Laviosa Promasa S.A.	159	32
Xinyang-Athenian Mining Co	123	130
	512	162

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

Dividend income from associates recognized in the Company's income statement for the years ended December 31, 2011 and 2010, respectively, are as follows:

	The Company	
	December 31 2011	December 31 2010
Laviosa Chimica Mineraria S.p.A.	317	-
Laviosa Promasa S.A.	220	45
	537	45

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

	December 31, 2011		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	51.480	30.457	21.023
Laviosa Promasa S.A.	7.706	2.396	5.310
Angang Stollberg & Samil Co. Ltd.	6.833	4.047	2.786
Xinyang - Athenian Mining Co.	3.733	424	3.309
Protovoulia Milos S.A.	843	28	815
	December 31, 2010		
	Assets	Liabilities	Net assets
Laviosa Chimica Mineraria S.p.A. (consolidated)	50.939	29.107	21.832
Laviosa Promasa S.A.	7.859	3.447	4.412
Angang Stollberg & Samil Co. Ltd.	5.378	2.540	2.838
Xinyang - Athenian Mining Co.	2.864	246	2.618
Protovoulia Milos S.A.	849	27	822
Adventus Europe GmbH	296	101	195

Sales revenue of the above associates in their financial statements amounted to € 67.394 and € 60.467 for the year ended December 31, 2011 and 2010, respectively. The share of profit from the associates, before taxes, accounted for using the equity method amounted to € 889 (€ 607 net of taxes) and € 994 (€ 564 net of taxes), for the years ended December 31, 2011 and 2010, respectively. It is noted that no guarantees have been provided to the associates.

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21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

Entity	Country	Field of activity	% Participation		Year Established / Acquired
			31/12/2011	31/12/2010	
EUROPE					
Orykton GmbH	Germany	Industrial Minerals	50,00%	50,00%	2005
Cebo International B.V.	Netherlands	Holding	50,00%	50,00%	2007
Cebo Holland B.V. ⁽¹⁾	Netherlands	Industrial Minerals	50,00%	50,00%	2007
Cebo Marine B.V. ⁽¹⁾	Netherlands	Industrial Minerals	50,00%	50,00%	2007
Cebo U.K. Ltd. ⁽¹⁾	G.Britain	Industrial Minerals	50,00%	50,00%	2007
ASIA					
Stollberg & Samil Co. Ltd.	Korea	Industrial Minerals	50,00%	50,00%	2004
Qing Dao Stollberg & Samil Co.Ltd. ⁽²⁾	China	Industrial Minerals	48,32%	48,32%	2004
Pergem Mineral A.Ş.	Turkey	Industrial Minerals	50,00%	50,00%	2010
Organik Madencilik Ltd.	Turkey	Industrial Minerals	50,00%	-	2011

Footnotes

1. Cebo Holland B.V., Cebo Marine B.V. and Cebo U.K. Ltd. are fully consolidated in their parent company financial statements, namely Cebo International B.V. (participation interest 100%).
2. Qing Dao Stollberg & Samil Co.Ltd. is fully consolidated in their parent company financial statements, namely Stollberg & Samil Co. Ltd., (96,64% participation interest, accordingly).

On July 19, 2011, the Group acquired a 50% share in Organik Madencilik Ltd. at a consideration of € 200. The new joint venture is based in Eastern Turkey and focuses in vermiculite operations, a part of Perlite activities.

On October 6, 2010, the Group established Pergem Mineral Mining Industry and Trade S.A., a new joint venture based in the area of Izmir, Turkey, of a total investment of € 2,7 million. The Group participated in the new joint venture through S&B Holding GmbH (a Germany based affiliate of the Group) with an investment of € 1,35 million and share of 50%. Pergem Mineral Mining Industry and Trade S.A. focuses on the development and exploitation of perlite reserves.

The Group's share of consolidated assets, liabilities, income and expenses of the jointly controlled entities at December 31, 2011 and 2010, which are included in the financial statements of the Group, are analyzed as follows:

	December 31 2011	December 31 2010
Non-current assets	16.036	16.755
Current assets	18.804	17.595
	34.840	34.350
Non-current liabilities	2.850	3.062
Current liabilities	7.518	6.444
	10.368	9.506
	24.472	24.844
Sales	39.705	38.728
Cost of sales	(30.373)	(29.605)
Administrative expenses	(2.099)	(1.848)
Selling expenses	(3.197)	(3.326)
Other income, net	149	90
Financial expense, net	(6)	(11)
Share of loss from associates	(52)	(120)
Profit before taxes	4.127	3.908
Income tax	(1.045)	(898)
Non-controlling interests	(11)	(22)
Net profit	3.071	2.988

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

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22. RELATED PARTY TRANSACTIONS

Transactions with related parties are made at arms'-length and mainly relate to operating and partly to investing activities. Outstanding balances at the year-end are unsecured, interest free and are settled in cash within the timeframe agreed. The guarantees provided by S&B to its subsidiaries as December 31, 2011 and 2010 are analyzed in Note 39. Company's Management has not provided against the receivables due from its subsidiaries or associates as it does not anticipate any doubtfulness of such receivables, except for the case of Askana Ltd. against which a provision for doubtful debts has been established. Intra-group balances and transactions among fully consolidated subsidiaries have been fully eliminated from the financial statements of the Group.

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

	The Group			
	Due from		Due to	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
<u>Associates</u>				
Xinyang Athenian Mining Co. Ltd	131	-	1.517	925
Laviosa Promasa S.A.	-	450	-	-
Laviosa Chimica Mineraria S.p.A.	3	4	-	-
Adventus Europe GmbH	-	39	-	-
	134	493	1.517	925
<u>Jointly controlled entities</u>				
Cebo International B.V.	221	-	43	111
Pergem Mineral A.Ş.	193	6	-	-
Stollberg & Samil Co. Ltd	47	18	108	-
	461	24	151	111
<u>Other related companies</u>				
Haliburton Affiliates LLC.	781	759	313	75
ORYMIL S.A.	33	33	931	-
Perlite Hellas S.A.	-	-	430	771
Rescon India Private Ltd.	-	-	200	130
Other	55	45	6	5
	869	837	1.880	981
	1.464	1.354	3.548	2.017
	The Group			
	Revenues		Expenses	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
<u>Associates</u>				
Laviosa Promasa S.A.	1.825	2.015	-	-
Adventus Europe GmbH	153	39	-	-
Laviosa Chimica Mineraria S.p.A.	75	65	-	-
Xinyang Athenian Mining Co. Ltd	-	-	1.754	1.167
	2.053	2.119	1.754	1.167
<u>Jointly controlled entities</u>				
Cebo International B.V.	1.575	2.333	571	754
Stollberg & Samil Co. Ltd	53	57	243	147
Other	-	6	-	-
	1.628	2.396	814	901
<u>Other related companies</u>				
Haliburton Affiliates LLC.	5.841	5.446	854	606
Rescon India Private Ltd.	-	-	1.422	1.247
Perlite Hellas S.A.	-	-	1.302	1.523
Other	14	14	97	93
	5.855	5.460	3.675	3.469
	9.536	9.975	6.243	5.537

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

22. RELATED PARTY TRANSACTIONS (continued)

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

	The Company			
	Due from		Due to	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
<u>Direct subsidiaries</u>				
Isocon S.A.	1.682	1.973	6	-
Sarda Perlite S.r.l.	-	-	830	373
Sibimin Overseas Ltd	5	7	-	-
Greek Helicon Bauxite S.A.	-	12	-	923
	1.687	1.992	836	1.296
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	-	-	9.222	95
S&B Industrial Minerals S.A.R.L.	797	505	-	-
S&B Endustriyel Mineraller A.S.	172	497	-	-
S&B Industrial Minerals North America Inc.	41	465	-	7
S&B Industrial Minerals (Henan) Co. Ltd.	12	12	6	6
S&B Industrial Minerals A.D.	-	10	455	671
Cape Trahilas Three S.A.	-	11	-	-
	1.022	1.500	9.683	779
<u>Associates</u>				
Adventus Europe GmbH	-	39	-	-
Laviosa Promasa S.A.	-	330	-	-
Laviosa Chimica Mineraria S.p.A.	3	4	-	-
	3	373	-	-
<u>Other related companies</u>				
Cebo International B.V.	443	-	-	139
ORYMIL SA	33	33	931	-
Other	55	45	5	5
	531	78	936	144
	3.243	3.943	11.455	2.219

The amount of € 9.222 due to S&B Industrial Minerals GmbH relates to advance payments for industrial minerals purchases.

Following the decision of the 2010 Shareholders' General Assembly, in 2011 the Company proceeded to the acquisition of a part of the defined land in Milos island for an amount of € 933 from ORYMIL S.A. The remaining part of the transaction will be concluded within 2012.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

22. RELATED PARTY TRANSACTIONS (continued)

	The Company			
	Revenues		Expenses	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
<u>Direct subsidiaries</u>				
Isocon S.A.	1.517	2.074	1	-
S&B Holding GmbH	399	478	-	-
Sarda Perlite S.r.l.	110	122	518	373
Sibimin Overseas Ltd	24	28	-	-
Greek Helicon Bauxite S.A.	-	16	-	763
	2.050	2.718	519	1.136
<u>Indirect subsidiaries</u>				
S&B Industrial Minerals GmbH	21.939	21.148	2	32
S&B Industrial Minerals North America Inc.	17.218	16.307	-	2
S&B Industrial Minerals S.A.R.L.	6.272	4.684	-	-
S&B Endustriyel Mineraller A.S.	1.671	1.053	-	-
S&B Industrial Minerals Spain S.L.u.	618	480	-	-
Stollberg Inc.	212	211	-	-
S&B Industrial Minerals AD	4	7	226	229
Other	11	12	-	-
	47.945	43.902	228	263
<u>Associates</u>				
Laviosa Promasa S.A.	1.983	1.928	-	-
Laviosa Chimica Mineraria S.p.A.	304	55	-	-
Adventus Europe GmbH	70	39	-	-
	2.357	2.022	-	-
<u>Other related companies</u>				
Cebo International B.V.	3.083	4.493	-	-
ORYMIL S.A.	-	-	33	33
Other	14	14	63	60
	3.097	4.507	96	93
	55.449	53.149	843	1.492

Compensation of key management personnel: Compensation of key management personnel for the years ended December 31, 2011 and 2010 were as follows:

	The Group		The Company	
	1/1-31/12 2011	1/1-31/12 2010	1/1-31/12 2011	1/1-31/12 2010
	Board of Directors fees, net of taxes	422	422	422
Executives compensation (including executive board members)	5.973	5.371	5.458	4.987
	6.395	5.793	5.880	5.409

Board of Directors fees are approved by the Shareholders A.G.M. and as a result the related fees for the years ended December 31, 2011 and 2010 are either paid or accrued in the accompanying financial statements.

Balances due to key management personnel of the Group and Board members as of December 31, 2011 amounted to € 1.272 (€ 2.037 as of December 31, 2010). Balances due to key management personnel of the Company and to its Board members as of December 31, 2011 amounted to € 1.228 (€ 1.937 as of December 31, 2010).

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

22. RELATED PARTY TRANSACTIONS (continued)

Social security contributions paid by the Company to state contribution plans for key management personnel for the years ended December 31, 2011 and 2010 amounted to € 86 and € 106, respectively (the Group paid € 97 and € 117, respectively). Contributions paid for medical and pension plans by the Company and the Group to insurance entities for key management personnel for the years ended December 31, 2011 and 2010 amounted to € 317 and € 207, respectively.

23. INVENTORIES

Inventories presented in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Bentonite	30.698	27.252	9.757	9.632
Perlite	10.597	9.522	3.156	2.965
Bauxite	1.418	9.075	1.418	8.840
Trading minerals	16.115	16.758	-	-
Continuous casting fluxes	9.508	7.988	-	-
Consumables and spare parts	5.892	7.409	4.411	6.169
Advances to suppliers for inventories purchases	541	653	119	203
	74.769	78.657	18.861	27.809
Less: provision for impairment of inventories	(1.300)	(1.601)	(499)	(901)
	73.469	77.056	18.362	26.908

Provision for impairment of inventories is as follows:

	The Group		The Company	
	Year 2011	Year 2010	Year 2011	Year 2010
Beginning balance	1.601	1.968	901	1.101
Additions / (Reversals) (income statement)	225	(46)	-	(200)
Provision used	(223)	(345)	(93)	-
Exchange difference	6	24	-	-
<i>Less: provision of discontinuing operations</i>	(309)	-	(309)	-
Ending balance	1.300	1.601	499	901

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

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

24. TRADE RECEIVABLES

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Trade receivables	51.254	52.624	5.351	8.550
Post-dated cheques and notes receivable	4.224	4.577	471	498
	55.478	57.201	5.822	9.048
Less: provision for bad debts	(5.921)	(5.458)	(1.167)	(1.240)
	49.557	51.743	4.655	7.808

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

The movement of bad debts provision is as follows:

	The Group		The Company	
	Year 2011	Year 2010	Year 2011	Year 2010
Beginning balance	5.458	4.716	1.240	1.013
Additions (income statement)	700	929	150	248
Provision used	(238)	(141)	(223)	-
Exchange difference	1	16	-	-
Transfers	-	(62)	-	(21)
Ending balance	5.921	5.458	1.167	1.240

Additions in bad debt provision are included in "Selling expenses".

The following table presents the ageing analysis of trade receivables:

	The Group						
	Past due but not impaired					Non-past due and not impaired	Total
	0-30 days	31-90 days	91-180 days	> 180 days			
2011	7.492	1.674	373	4	40.014	49.557	
2010	6.396	2.376	630	789	41.552	51.743	
	The Company						
	Past due but not impaired					Non-past due and not impaired	Total
	0-30 days	31-90 days	91-180 days	> 180 days			
2011	292	-	-	-	4.363	4.655	
2010	690	38	181	-	6.899	7.808	

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

25. OTHER CURRENT ASSETS

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
VAT receivable	12.810	11.425	10.152	9.207
Unbilled revenue	1.167	1.637	868	1.136
Prepaid expenses	830	966	144	514
Restricted cash	857	1.428	832	1.386
Advances and prepayments	295	232	-	-
Other current assets	2.709	2.545	660	760
Less: provision for impairment of other receivables	(734)	(620)	-	-
	17.934	17.613	12.656	13.003

For the year ended December 31, 2011, an amount of VAT receivable of € 7.951 is included in "Other non-current assets" for the Group and the Company.

26. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Sight deposits	44.469	40.573	2.311	1.201
Time deposits	1.621	2.076	-	-
Cash in hand	68	75	12	7
	46.158	42.724	2.323	1.208

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Euro	20.841	22.972	2.175	1.016
Other currencies	25.317	19.752	148	192
	46.158	42.724	2.323	1.208

Interest income from time and sight deposits accounted for in the fiscal year they relate and amounted to € 261 and € 406 for the Group (€ 33 and € 197 for the Company) for the years ended December 31, 2011 and 2010, respectively (Note 11). Bank deposits bear variable interest rates based on the current interbank market conditions.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

27. SHARE CAPITAL

(in this note all amounts are expressed in Euro, unless otherwise stated)

Acquisition and cancellation of treasury shares

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

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

Within 2011, the Company purchased 1.800 common treasury shares, at an average price of € 3,76 per share for an aggregate amount of € 6.761,03. As of June 22, 2011, the Company held 671.513 treasury shares at average price of € 4,8 per share, for a total amount of € 3.222.616,14.

On June 1, 2011, the Shareholders' AGM resolved to decrease the total number of shares from 51.782.200 to 51.110.687 ordinary registered shares, by cancelling 671.513 treasury shares, which have been acquired during the period from June 6, 2008 until January 12, 2011. The aforementioned AGM decision was approved by the competent ministry on June 22, 2011.

Share Capital increase and reduction

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

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

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

On March 22, 2011 the Board of Directors of the Company proposed and the Shareholders' General Assembly (AGM) held on June 1, 2011 approved to increase the Company's share capital by the amount of € 12.777.671,75 through the capitalization of an equal amount of the "Share premium account" reserve by increasing the nominal value of each share from the current € 1,00 to € 1,25. The AGM also approved to subsequently decrease the share capital of the Company by an equal amount i.e. € 12.777.671,75 through the reduction of the nominal value of each share by € 0,25 and payment of the amount of the capital reduction to the shareholders in cash. The amount of the capital reduction was paid to the Company's shareholders on July 25, 2011.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

27. SHARE CAPITAL (continued)

Following the above transactions, the Company's share capital at December 31, 2011 amounts to € 51.110.687 divided into 51.110.687 common registered shares of nominal value € 1,00 each.

	December 31 2011	December 31 2010
Number of shares of the Company at year end	51.110.687	51.782.200
Effect to the weighted number of shares from:		
Treasury shares purchase	-	(548.372)
Basic weighted average number of shares in the year	51.110.687	51.233.828
Stock options that may be exercised in the future	429.476	596.610
Diluted weighted average number of shares in the year	51.540.163	51.830.438

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

(in this note all amounts are expressed in Euro)

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

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

As of December 31, 2011, four stock option plans were active (granted in years 2008 - 2011), with exercise prices ranging from € 3,90 to € 7,53.

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

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

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

(in this note all amounts are expressed in Euro)

Further details of the plans are as follows:

	1/1-31/12/2011		1/1-31/12/2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	558.780	5,67	388.430	8,15
- Adjustment for 1 for 4 bonus share issue	-	-	97.113	-
- Granted	155.000	4,52	167.000	3,90
- Forfeited	(6.000)	6,37	(7.912)	4,94
- Exercised	-	-	-	-
- Expired at end of year	(116.942)	7,94	(85.851)	7,13
Outstanding at end of year	590.838	4,91	558.780	5,67
Exercisable at end of year	311.613	5,52	288.104	6,79
Unvested at end of year	279.225	4,23	270.676	4,48
	Weighted average remaining contractual term	Aggregate intrinsic value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at end of year	4,1	13.000	3,7	-
Exercisable at end of year	3,0	5.000	2,4	-

The market price of each share on the exercise date for 2011 and 2010 was € 3,80 (December 6, 2011) and € 3,96 (December 6, 2010), respectively.

Fair Value Calculations

The weighted average fair value for the 2011 stock option plan is € 1,07 and was determined by using a Monte Carlo simulation option pricing model taking into account the effects of early exercise. Key inputs and calculation outputs for the plans of 2011 and 2010 are presented below:

Fair value calculations	2011	2010
Weighted average share price	4,52	4,00
Weighted average exercise price	4,52	3,90
Weighted average expected volatility	35,50%	34,60%
Weighted average risk free rate	2,32%	1,20%
Weighted average expected dividends	2,67%	3,40%
Weighted average exercise period	4,40	4,10
Weighted average option value	1,07	0,93

- Volatility was estimated based on the average of the four year period prior to the valuation date (i.e. periods 02/01/06 - 31/12/07 and 01/07/09 - 20/06/11), which excludes the period of the financial crisis.
- The early exercise effect was calculated by assuming that employees will exercise their rights at the first period, after vesting, that the options reach a value of € 0,50.
- The weighted average exercise period and option value were calculated by the model.

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

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

(in this note all amounts are expressed in Euro)

Expense recognised in P&L

The cost of the stock option plans is recognized as an expense in "Administration expenses" of income statement, during the periods the requirements are gradually fulfilled. The income statement charge for the years ended December 31, 2011 and 2010 was € 177.776,90 and € 214.186,22, respectively. These amounts are transferred to a reserve in the equity, which is then reduced as the stock options are being exercised, cancelled or expired.

(b) Long-Term Incentive plan for Senior Executives

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

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

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

As of December 31, 2011, four LTI plans were active (granted in years 2008 - 2011). Further details of the plans are as follows:

	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
	<u>Number of Options</u>	<u>Number of Options</u>
Outstanding at beginning of year	745.067	433.939
- Adjustment for 1 for 4 bonus share issue	-	157.115
- Granted	280.369	262.302
- Forfeited	(180.586)	(67.844)
- Exercised	(331.702)	(40.445)
Outstanding at end of year	513.148	745.067
Exercisable at end of year	103.066	181.781
Unvested at end of year	410.082	563.286

	<u>1/1-31/12/2011</u>		<u>1/1-31/12/2010</u>	
	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value</u>
Outstanding at end of year	1,9	2.042.000	1,7	2.854.000
Exercisable at end of year	0,4	410.000	0,4	696.000

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

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

(in this note all amounts are expressed in Euro)

Fair Value Calculations

The weighted average fair value for the 2011 plan is € 3,73. The fair value was determined using a Monte Carlo simulation option pricing model. Key inputs and calculation outputs for the plans of 2011 and 2010 are presented below:

Fair value calculations	2011	2010
Weighted average share price	4,55	3,90
Weighted average expected volatility	35,40%	33,10%
Weighted average risk free rate	2,23%	1,00%
Weighted average expected dividends	2,45%	3,20%
Weighted average exercise period	3,00	3,00
Weighted average option value	3,73	3,13

- Volatility was estimated based on the average of the four year period prior to the valuation date (i.e. periods 01/11/05 - 31/12/07 and 01/07/09 - 27/04/11), which excludes the period of the financial crisis
- Vesting of some of the granted CSRs is dependent on market performance. Therefore, the probability of vesting was incorporated in the fair value measurement. Volatility and correlation of the Company share to the market were determined using the same period as above.

Expense recognised in P&L

The cost of the CSR plans is recognized as an expense in “Administration expenses” of the income statement, during the periods the requirements are gradually fulfilled. The income statement charge for CSR plans for the years ended December 31, 2011 and 2010 is € 854.445,57 and € 486.103,95, respectively, and is included in an equity reserve which is reduced as the CSRs are being exercised or cancelled.

(c) Share Appreciation Rights (SARs)

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

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

As of December 31, 2010, four SAR plans were active (granted in years 2006 - 2009) with exercise prices ranging from € 8,00 to € 9,60 (as adjusted for bonus share). In 2011, a new compensation plan was established under which 500.000 SARs were awarded at an original exercise price of € 4,52, which was adjusted to € 4,27 to reflect the decrease in the share capital as decided in the Shareholders’ General Assembly (AGM) of the Company of June 1, 2011 (Note 27). Further details of the plans are as follows:

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(Amounts in thousand Euro, unless otherwise stated)

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

(in this note all amounts are expressed in Euro)

	The Group			
	1/1-31/12/2011		1/1-31/12/2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	382.870	8,42	306.295	10,52
- Adjustment for 1 for 4 bonus share issue	-	-	76.575	-
- Granted	500.000	4,27	-	-
- Expired	(10.207)	9,60	-	-
Outstanding at end of year	872.663	6,03	382.870	8,42
Exercisable at end of year	372.663	8,38	379.070	8,40
Unvested at end of year	500.000	4,27	3.800	10,42
	Weighted average remaining contractual term		Weighted average remaining contractual term	
Outstanding at end of year		4,8		1,7
Exercisable at end of year		2,7		1,7
	The Company			
	1/1-31/12/2011		1/1-31/12/2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	360.000	8,32	288.000	10,47
- Adjustment for 1 for 4 bonus share issue	-	-	72.000	-
- Granted	500.000	4,27	-	-
Outstanding at end of year	860.000	5,97	360.000	8,32
Exercisable at end of year	360.000	8,32	360.000	8,32
Unvested at end of year	500.000	4,27	-	-

Fair Value Calculations

The weighted average fair value as of December 31, 2011 is € 0,64 and it was determined using a Monte Carlo simulation option pricing model. Key inputs and calculation outputs for 2011 and 2010 are presented below:

Fair value calculations	2011	2010
Weighted average share price	3,98	3,87
Weighted average exercise price	6,03	8,42
Weighted average expected volatility	36,00%	35,00%
Weighted average risk free rate	1,20%	0,90%
Weighted average expected dividends	3,20%	3,40%
Weighted average exercise period	3,80	1,70
Weighted average option value	0,64	0,03

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

(in this note all amounts are expressed in Euro)

- Volatility was estimated based on the average of the four year period prior to the valuation date (i.e. periods 03/07/06 - 31/12/07 and 01/07/09 - 08/12/11), which excludes the period of the financial crisis.
- The early exercise effect was calculated by assuming that employees will exercise their rights at the first period, after vesting, that the options reach a value of € 0,50.
- The weighted average exercise period and option value were calculated by the model.

Expense recognised in P&L

The cost of the SAR plans is recognized as an expense in the income statement, during the periods the requirements are gradually fulfilled. The income statement charge relating to the vesting of SARs for the years ended December 31, 2011 and 2010 is € 123.950,65 and € (3.209,45), respectively (€ 124.305 and € (3.185,28) for the Company, respectively), and is included in "Administration expenses" of the income statement and "Other provisions" in the statement of financial position. This provision is reduced as the SARs are being exercised, cancelled or expired. The table below illustrates the movement of the provision:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Balance at the beginning of the year	12.955	16.164	12.600	15.785
Income statement charge	123.951	(3.209)	124.305	(3.185)
End of the year	136.906	12.955	136.905	12.600

29. OTHER RESERVES

Other reserves in the financial statements are analyzed as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Tax-free reserves and special reserves	63.699	71.242	76.941	76.941
Legal reserve	10.505	10.344	10.010	10.010
Revaluation reserves from participations and securities	2.825	2.825	2.825	2.825
Extraordinary reserves	488	589	-	-
Reserves from tax-exempted income	538	538	538	538
Other reserves	84	165	(95)	(16)
	78.139	85.703	90.219	90.298

The majority of the above reserves relates to the Company and the Greek subsidiaries. Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed throughout the life of the company. For the year ended December 31, 2010, there were no transfers to legal reserve for the Group and the Company due to the net loss reported by the Company. For the year ended December 31, 2011, the Group transferred to legal reserve an amount of € 161, while the Company did not make any transfers to legal reserve due to the net loss reported by the Company.

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29. OTHER RESERVES (continued)

Tax free reserves and special reserves represent mainly non distributed profits that are exempt from income tax based on special provisions of development laws (under the condition that adequate profits exist for their allowance). These reserves mainly relate to investments and are not distributed. For these reserves no deferred tax liabilities were provided. In 2010, in the context of the share capital increase with bonus distribution to the Company shareholders, the Company capitalized tax-free reserves of € 10.356. Moreover, the Group transferred an amount of € 2.829 to Retained Earnings through its subsidiaries. In 2011, the Group created special reserve of € 76 and an additional debit amount of € 7.619 was transferred to Special reserves from Retained earnings due to statutory requirements of German subsidiaries.

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

Reserves from tax exempted income were reduced by amounts of € 53 in 2010, representing the income tax relating to the future distribution of these reserves. In 2010, reserves from tax exempted income of € 3.314 net of taxes were distributed by the Company.

30. DIVIDENDS

(in this note all amounts are expressed in Euro)

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

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

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

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

The financial statements of the year 2011 were approved by the Board of Directors of the Company in a meeting held on March 22, 2012. Due to the reported net loss for the Company, statutory minimum dividend declaration and payment for 2011 is not required, though the Board of Directors may propose an alternative reward to shareholders at a later time for 2011.

The dividend not collected by the shareholders by December 31, 2011 and 2010 amounted to € 16.369,54 and € 25.430,40, respectively.

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31. PROVISION FOR STAFF LEAVING INDEMNITIES

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

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

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

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Net liability at beginning of the year	19.613	17.815	10.445	8.151
Benefits paid:				
- for continuing operations	(4.604)	(2.916)	(3.754)	(1.284)
- for discontinuing operations	(239)	-	(239)	-
Total Benefits paid by the Group	(4.843)	(2.916)	(3.993)	(1.284)
Expense Recognised:				
- for continuing operations	1.926	4.631	1.274	3.515
- for discontinuing operations	247	-	247	-
Total Expense recognized in the income statement	2.173	4.631	1.521	3.515
Exchange difference	3	20	-	-
Capitalized expenses				
- for continuing operations	10	63	10	63
- for discontinuing operations	44	-	44	-
Total capitalized Expenses	54	63	54	63
Less: Net liability at end of year from discontinuing operations	(1.966)	-	(1.966)	-
Net liability at year-end	15.034	19.613	6.061	10.445

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31. PROVISION FOR STAFF LEAVING INDEMNITIES (continued)

The details and principal assumptions of the actuarial study as at December 31, 2011 and 2010 have as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Reconciliation of net liability benefit obligation				
Present value of actuarial liability at the beginning of the year	22.123	20.232	11.667	9.826
Less: Present value of actuarial liability at the beginning of year from discontinuing operations	(2.079)	-	(2.079)	-
Service cost	556	554	385	394
Interest cost	813	970	382	510
Past service cost arising over last period	1.233	1.473	1.233	1.473
Benefits paid	(4.604)	(2.916)	(3.754)	(1.284)
Additional cost of extra benefits	64	868	64	372
Actuarial loss / (gain)	(724)	922	(266)	376
Foreign exchange differences	3	20	-	-
Present value of actuarial liability at the end of the year	17.385	22.123	7.632	11.667
Unrecognized actuarial loss	(1.262)	(2.210)	(482)	(921)
Unrecognized service cost	(1.089)	(300)	(1.089)	(301)
Net liability in balance sheet	15.034	19.613	6.061	10.445
Components of income statement charge				
Service cost	556	443	385	283
Interest cost (Note 12)	813	872	382	412
Amortization of unrecognized actuarial loss	50	496	-	-
Amortization of unrecognized service cost	444	2.301	444	2.301
Regular charge to income statement	1.863	4.112	1.211	2.996
Additional cost of extra benefits	73	227	73	227
Capitalized expenses	(10)	(7)	(10)	(7)
Total charge to income statement continuing operations	1.926	4.332	1.274	3.216
Total charge to income statement discontinuing operations	247	299	247	299
Total charge to income statement	2.173	4.631	1.521	3.515
Principal assumptions				
Discount rate	4,50%-5,10%	4,45%-4,50%	4,72%	4,45%
Rate of personnel compensation increase	2,00%-5,50%	2,00%-5,50%	5,00%	5,50%
Average future working life (in years)	13,3-14,13	12,5-13,91	14,13	13,91

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

Employers' contributions to Social Security defined contribution plans: The Group has paid to Social Security funds for the year ended December 31, 2011 and 2010 € 12.989 and € 12.574 (€ 5.752 and € 5.542 for the Company) respectively. These contributions are recognized in the income statement as incurred.

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

Contributions paid by the Company to the insurance company for the years ended December 31, 2011 and 2010 amount to € 1.425 and € 1.195, respectively. These contributions are charged to the income statement as incurred.

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32. PROVISION FOR ENVIRONMENTAL REHABILITATION

The movement of provision for environmental rehabilitation for the year ended December 31, 2011 and 2010 is as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Balance at the beginning of the year	12.346	13.838	10.073	11.427
Finance cost	1.098	1.074	1.007	960
Change in future outflow for depleted mines (income statement)	(756)	(517)	(763)	(432)
Change in future outflow for active mines (tangible assets)	1.789	(644)	741	(644)
Re-estimation of provision	385	(742)	615	(603)
Foreign exchange differences	16	42	-	-
Utilization of provision (payments)	(990)	(705)	(887)	(635)
<i>Less: provision of discontinuing operations</i>	<i>(7.583)</i>	<i>-</i>	<i>(7.336)</i>	<i>-</i>
Balance at year end	6.305	12.346	3.450	10.073

33. INTEREST BEARING LOANS AND BORROWINGS

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Bond loan (Law 3156/2003)	114.000	102.500	114.000	102.500
Syndicated loan	45.000	52.500	-	-
	159.000	155.000	114.000	102.500
Loan expenses	(45)	(142)	(22)	(71)
Less: current portion of long term loans and borrowings	(91.977)	(35.000)	(47.000)	(27.500)
	66.978	119.858	66.978	74.929

The above bank loan balances approximate their fair value since they have floating interest rates and are not traded in a secondary interbank market. For the above loans there are no pledges or other guarantees. The weighted average interest rate of long term loans for the year ended December 31, 2011 and 2010 is 3,46% and 2,31% (4,02% and 2,57% for the Company), respectively. The maturity of the above loans extends up to 2013.

Total interest expense of long-term borrowings for the year ended December 31, 2011 and 2010 amounts to € 5.149 and € 2.981 (€ 4.032 and € 1.935 for the Company), respectively (Note 12).

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

Within 2010, the Group repaid bond and syndicated loans amounting to € 15.000 and the Company refinanced € 30.000 of bond loan, extending its maturity from March 2011 to June 2013.

Within March 2011, Company refinanced a bond loan of € 20 million with a 2-year tenor and repayable on maturity. Within June 2011, the Company concluded an agreement for common bond issues of € 20 million, according to the stipulations of the applicable law for common bond loans issues (L. 3156/2003). The above bond loan is of two years tenor with floating interest payments based on Euribor plus spread and will be gradually repaid until

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33. INTEREST BEARING LOANS AND BORROWINGS (continued)

maturity date. The Company used the aforementioned loan for general working capital and refinancing needs. Moreover, within 2011, the Group repaid € 16 million of interest-bearing loans, out of which € 8,5 million related to the Company's bond loans and € 7,5 million to the Group's syndicated loans.

With respect to the above loans the table below presents the future payments as of December 31, 2011 and 2010:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Within one year	92.000	35.000	47.000	27.500
1-5 years	67.000	120.000	67.000	75.000
	159.000	155.000	114.000	102.500

34. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

As of December 31, 2010, the Company had in place interest rate swap contracts of a notional amount of € 40 million signed for paying fixed interest rate quarterly for 5 years duration and receiving respectively Euribor rate. In February 2011, the Company proceeded to a plain vanilla interest rate swap contract of a notional amount of € 10 million signed for paying fixed interest rate quarterly for 5 years duration and receiving respectively Euribor rate.

Oil Swap contracts: The Group uses average oil swaps on IPE Brent in order to hedge against the volatility of its oil purchases. All oil derivatives have a maximum duration of 12 months. In February 2011, the Company proceeded to oil swap contracts signed for buying a total quantity of 96.000 BBL of on IPE Brent settled on a monthly basis until February 2012.

The above derivative financial instruments meet the requirements of effective cash flow hedges according to IAS 39 "Financial Instruments: Recognition and Measurement" and thus any change in their fair value is recognized directly to other comprehensive income.

All the above derivative financial instruments are measured on Level 2 of the fair value hierarchy and are included in the line "Other current liabilities" in the December 31, 2011 statement of financial position.

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34. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table presents the fair value and the movement of derivative financial instruments for the year ended December 31, 2011 and 2010 (for the Group and the Company):

	January 1 2011	Movement in 2011			December 31 2011
		Income statement	Equity	(Receipts) / Payments	
Financial instruments that qualify for hedge accounting					
Valuation of Interest Rate Swaps (IRS)	(601)	-	(1.461)	-	(2.062) (a)
Valuation of oil derivatives	-	-	6	-	6 (b)
Settlement of oil derivatives	-	333	-	(333)	- (c)
Financial instruments liabilities (Note 37) - (a)+(b)+(c)	<u>(601)</u>	<u>333</u>	<u>(1.455)</u>	<u>(333)</u>	<u>(2.056)</u>
	January 1 2010	Income statement	Equity	(Receipts) / Payments	December 31 2010
Financial instruments that qualify for hedge accounting					
Valuation of Interest Rate Swaps (IRS)	(227)	-	(374)	-	(601) (a)
	<u>(227)</u>	<u>-</u>	<u>(374)</u>	<u>-</u>	<u>(601)</u>
Financial instruments that do not qualify for hedge accounting					
Settlement of freight derivatives	80	-	-	(80)	- (b)
	<u>80</u>	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>-</u>
Financial instruments liabilities (Note 37) - (a)+(b)					<u>(601)</u>

The above amounts are presented before deferred taxes impact.

35. TRADE PAYABLES

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Suppliers	38.020	41.323	6.158	12.081
Freights payable	1.807	1.676	1060	539
Customers advances	1.576	1.276	2	-
	<u>41.403</u>	<u>44.275</u>	<u>7.220</u>	<u>12.620</u>

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36. SHORT-TERM BORROWINGS

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Overdrafts	18.700	491	18.698	-
Short-term loans	602	288	-	-
Used amount	19.302	779	18.698	0

The above loans are analyzed as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
- Euro (EUR)	18.698	458	18.698	-
- Korean Won (KRW)	602	288	-	-
- Turkish Lira (TRY)	2	4	-	-
- Indian Rupee (INR)	-	29	-	-
Total	19.302	779	18.698	-

As of December 31, 2011 and 2010 the Group has entered into short-term loan agreements and overdrafts with floating interest rate (Euribor plus spread for loans in Euro). For the above loans, no guarantees have been provided. The weighted average interest rate of short-term loans in Euro, for the years ended December 31, 2011 and 2010 is 6,43% and 4,48% (6,70% and 4,74% for the Company) respectively. The weighted average interest rate of short term loans in KRW and Euro for the year ended December 31, 2011 is 10,4% and 6,7% respectively. Total interest expense for the years ended December 31, 2011 and 2010 amounts to € 1.425 and € 1.562 (€ 1.290 and € 1.418 for the Company), respectively (Note 12).

37. OTHER CURRENT LIABILITIES

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

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Bonus to employees	3.126	4.140	2.812	3.868
Accrued payroll expenses	3.446	4.156	166	389
Taxes and duties	2.161	2.507	1.004	1083
Derivatives (Note 34)	2.056	601	2.056	601
Social security	1.505	1.957	969	1.422
Board of Directors fees, net of taxes (Note 22)	-	422	-	422
Interests accrued	699	183	696	177
Other accrued expenses	2.867	2.267	249	156
Other payables	4.128	4.938	1.355	2.321
	19.988	21.171	9.307	10.439

The settlement part of the amount "Bonus to employees" is pending to the approval of the Company's Shareholders General Assembly Meeting.

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38. FINANCIAL RISK MANAGEMENT

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

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

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

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

- (i) **Credit Risk:** The Group has no significant concentrations of credit risk with any single counter party. The maximum exposure to credit risk is represented by the carrying amount of each asset, including derivative financial instruments, in the statement of financial position. With respect to derivative financial instruments, the Group monitors its positions, the credit ratings of counter parties and the level of contracts it enters into with any counter party. Given that the counter parties to these contracts are major bank institutions, there is no relevant counterparty risk.
- (ii) **Fair Value:** The carrying amounts reflected in the statements of financial position for cash and cash equivalents, receivables and current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of marketable securities are based on their quoted market prices. For all derivatives, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.
- (iii) **Liquidity Risk:** The Group manages its liquidity risk by on-going monitoring of its cash flows. The Group budgets and follows up its cash flows and appropriately acts for available cash deposits and credit lines with the banks. The unutilized approved credit lines available to the Group are sufficient to cover any foreseeable financing need. The table below summarizes the maturity profile of the Group and the Company interest bearing borrowings and their estimated interest expense as of December 31, 2011 and 2010, respectively:

Interest-bearing loans	The Group			
	Up to 1 year	1-5 years	>5 years	Total
31.12.2011	96.647	68.878	-	165.525
31.12.2010	39.112	123.170	-	162.282
Interest-bearing loans	The Company			
	Up to 1 year	1-5 years	>5 years	Total
31.12.2011	51.159	68.878	-	120.037
31.12.2010	30.039	77.740	-	107.779

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38. FINANCIAL RISK MANAGEMENT (continued)

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

2011	The Group				
	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	29.720	10.828	659	196	41.403
Other current liabilities	5.384	3.260	246	1.483	10.373
	<u>35.104</u>	<u>14.088</u>	<u>905</u>	<u>1.679</u>	<u>51.776</u>
2010	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	29.237	14.456	259	323	44.275
Other current liabilities	3.574	2.561	111	1.006	7.252
	<u>32.811</u>	<u>17.017</u>	<u>370</u>	<u>1.329</u>	<u>51.527</u>
2011	The Company				
	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	3.568	3.481	171	-	7.220
Other current liabilities	2.645	1.669	27	811	5.152
	<u>6.213</u>	<u>5.150</u>	<u>198</u>	<u>811</u>	<u>12.372</u>
2010	0-30 days	31-90 days	91-180 days	> 180 days	Total
Trade payables	7.120	5.500	-	-	12.620
Other current liabilities	973	1.232	-	892	3.097
	<u>8.093</u>	<u>6.732</u>	<u>0</u>	<u>892</u>	<u>15.717</u>

Total credit limits of the Group and the Company at December 31, 2011 and 2010 are as follows:

	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Credit limit	78.320	88.064	63.800	71.500
Less: used amount				
-Short term loans	(19.302)	(779)	(18.698)	-
-Guarantees (reducing credit lines' availability)	(5.980)	(5.336)	(2.253)	(1.848)
Unused credit limits	<u>53.038</u>	<u>81.949</u>	<u>42.849</u>	<u>69.652</u>

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

Total Group debt is on a floating basis. As a result, Group interest rate risk arises mainly from changes in Euro interest rates, as Euro denominated debt represents the majority of Group's borrowings. Secondly, interest rate risk arises from changes in

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

other currencies denominated debt (INR, KRW, TRY). The following table demonstrates the sensitivity to a reasonably possible change in interest rates in Euro and other currencies, with all other variables held constant, on the Group's and the Company's profit before tax for the year ended December 31, 2011 and 2010, respectively:

The Group				
	Change in basis points	Effect from Euro interest rate changes	Effect from other interest rate changes	Total effect on profit before tax
2011	20	(360)	(1)	(361)
	(15)	270	1	271
2010	20	(315)	(1)	(316)
	(15)	237	-	237

The Company		
	Change in basis points	Total effect in profit before tax
2011	20	(269)
	(15)	202
2010	20	(208)
	(15)	156

(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. The largest part of foreign exchange risk is attributed to business operations in USD and GBP. The following table demonstrates the sensitivity to a reasonably possible change in the USD and GBP exchange rate, with all other variables held constant, of the Group's and the Company's profit before tax for the year ended December 31, 2011 and 2010, respectively:

	Change in exchange rate	Effect from USD exchange rate changes	Effect from GBP exchange rate changes	Total effect on profit before tax
The Group				
2011	5%	(103)	49	(54)
	-5%	93	(44)	49
2010	5%	(114)	23	(91)
	-5%	103	(21)	82
The Company				
2011	5%	(22)	11	(11)
	-5%	20	(10)	10
2010	5%	160	11	171
	-5%	(145)	(10)	(155)

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

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

The table below presents ratio results for the years December 31, 2011 and 2010 respectively:

	The Group	
	2011	2010
Long-term borrowings	66.978	119.858
Current portion of long term loans and borrowings	91.977	35.000
Short-term borrowings	19.302	779
Cash and cash equivalent	(46.187)	(42.724)
Net debt	132.070	112.913
EBITDA of continuing operations	63.318	57.925
EBITDA of discontinuing operations	4.248	1.892
Group EBITDA	67.566	59.817
Net Debt / EBITDA of the Group	1,95	1,89

The Company manages its capital on a consolidated level.

39. COMMITMENTS AND CONTINGENCIES

(a) Litigations and claims: The Group is a party to various lawsuits and arbitration proceedings in the normal course of business, against which the Group has provided for an amount of € 1.726 and € 450 as of December 31, 2011 and December 31, 2010, respectively, (€ 1.701 and € 425 as of December 31, 2011, and December 31, 2010, respectively, for the Company) in the financial statements.

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

By a letter dated September 29, 2010, the Secretariat of the International Commercial Chamber (I.C.C.) informed the Company that it has received a request for arbitration from Kerneos S.A. (claimant), a French third party customer. The claimant, on the basis of a 10-year supply of bauxite agreement with the Company, was alleging that the Company has breached its contractual obligations due to non-delivery of the quantities stipulated in the said agreement. On the basis of the revised statement of claim submitted on June 29, 2011, the claimant claimed the amount of € 4,8 million for late

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

39.COMMITMENTS & CONTINGENCIES (continued)

deliveries penalties, for the period September 2009 to May 15, 2011, and € 2,2 million for alleged damages for the same period. On March 9, 2012, the International Court of Arbitration of the I.C.C. issued its decision, which held that the Company is liable in damages of € 2,2 million to Kerneos S.A.. Regarding the late deliveries penalties, the decision held that the relevant clause of the contract is applicable without awarding any specific amount to the claimant. Furthermore, the Court rejects the claim for such penalties with respect to shipments of 2009 and invites the Company to provide additional clarifications for the period from January 1, 2010 to May 15, 2011 in relation to its supportive argument that was submitted in the arbitration process which argued that the claimed penalties for delivery delays are excessive and need to be adjusted to proportionate reasonable levels. Finally, Kerneos S.A. reserved its right to file additional claim for alleged damages and late deliveries penalties for the period May 15, 2011 to December 31, 2011.

Based on the International Court of Arbitration of the I.C.C decision, the amount of awarded damages of € 2,2 million is charged in December 31, 2011 income statement. Moreover, considering the above award for damages and the performance of the sales agreement, it is estimated that the amount of late deliveries penalties for the period January 1, 2010 to May 15, 2011 will be reasonably limited. Based on the above facts and developments, the Group management estimates that in addition to the above charge for damages, a provision of € 1,3 million, in the December 31, 2011 financial statements is sufficient to cover for any amounts awarded in the future.

In December 2003, S&B Group acquired S&B Industrial Minerals AD (at the time named Bentonit AD) from its former owners who had acquired the entity in 1998 through a privatization process. On the basis of the privatization agreement, its former owners undertook, vis-a-vis the Bulgarian Privatization Agency (B.P.A.), certain obligations which were not met in full and thus certain liabilities were developed. However, from the time of its acquisition, the Group was never informed of these liabilities, because S&B Industrial Minerals AD could not, as a legal party, be held liable for the breach of the Privatization Agreements as these were limited to the previous owners. After the 2006 legislative changes in Bulgaria, B.P.A. has been entitled to hold liable the privatized entities themselves, in the case that the acquirers in the privatized process had not honored their obligations. As a result of these changes, B.P.A. set a mortgage in 2007 on the assets of S&B Industrial Minerals AD for an amount of € 1,1 million for which no notification was sent to the entity in the absence of such a legal requirement. In November 2011, S&B Industrial Minerals AD was notified for the initiation of a forceful execution of this mortgage to foreclose part of its assets in order to enforce payment of an amount equal to € 600 plus legal interest. The forceful execution of the mortgage has been temporarily suspended. Notwithstanding the above suspension S&B Industrial Minerals AD has taken appropriate legal measures and has formally requested the Economic Investment Bank to intervene in the legal proceedings with its capacity as a guarantor of the acquisition transaction in 2003. If for any reason, the Group is forced to pay any amount, legal recourse actions will be initiated for compensation against the sellers in the acquisition transaction in 2003, as well as the guarantor, Economic Investment Bank. Due to the complexity of the case and the arbitration recourse actions that may be initiated against the sellers and the guarantor, the Group's management has sustainable reasons to believe that there will not be any net financial damage for the Group.

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

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

39.COMMITMENTS & CONTINGENCIES (continued)

(b) Guarantees: At December 31, 2011 and 2010 the Group has issued letters of guarantee for a total amount of € 6,8 million and € 4,9 million, respectively, while the Company has issued letters of guarantee for a total amount of € 4,0 million and € 2,9 million, respectively, relating mainly to mining rights and licenses. Further to the above, the Company as of December 31, 2011 had issued corporate guarantees to banks in favor of certain subsidiaries for the issuance of bank loans to them for a total amount of approximately € 53,7 million (approximately € 64,2 million as of December 31, 2010).

(c) Operating lease commitments: As of December 31, 2011 the Group and the Company have entered into a number of operating lease agreements relating mainly to the rental of buildings that expire on various dates through 2024. Rental expenses included in the income statement for the year ended December 31, 2011 and 2010 amounted to approximately € 7,3 million and € 7,1 million respectively (approximately € 1,9 million and € 1,8 million for the Company, respectively).

Future minimum lease payments under non-cancelable operating leases as at December 31, 2011 and 2010 are as follows for the Group and the Company:

(In million €)	The Group		The Company	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Within one year	6,0	5,7	1,8	1,8
1-5 years	14,6	14,0	7,5	7,5
After 5 years	19,9	22,4	16,8	19,3
	<u>40,5</u>	<u>42,1</u>	<u>26,1</u>	<u>28,6</u>

(d) Capital commitments: At December 31, 2011 and 2010 the Group had commitments of € 3.041 and € 2.411 relating to the construction of Property, Plant & Equipment, respectively, (€ 829 and € 2.084 for the Company, respectively).

40. OPERATING SEGMENT INFORMATION

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

- **Bentonite segment:** the Bentonite segment supplies bentonite, zeolite, coal and other additives to a wide range of applications, such as foundry sand castings, iron ore pelletising, civil engineering projects, cat litter, paper manufacturing and animal feed. Bentonite is clay with strong colloidal properties, which increases in volume several times when coming into contact with water, creating a gelatinous substance, useful for its binding and rheological properties.
- **Perlite segment:** perlite is a natural volcanic glassy material formed by rapidly cooled lava that trapped water within its mass, thereby giving perlite its most important physical property, the ability to expand and increase its volume. Perlite has thermal and acoustic insulation properties, as well as high porosity making it an excellent lightweight aggregate, hydroponics media and significant component of acoustical tiles.
- **Bauxite segment:** bauxite is the basic raw material in the production of alumina. The Group leases and owns bauxite mines in the Parnassos and Giona mountain regions in central Greece, and in Italy. The bauxite reserves are of diasporic and boehmitic type. It is noted that Group Bauxite operations in Greece are reclassified as discontinuing

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

40. OPERATING SEGMENT INFORMATION (continued)

operations for years ended December 31, 2010 and 2011 due to the initial agreement for their gradual divestment to Aluminium S.A., as further discussed in Note 4. Bauxite operations in Sardinia are presented as "Other".

- **Continuous Casting Fluxes (C.C.F.) segment:** C.C.F. segment supplies continuous casting fluxes, associated products, and services for the steel industry. Fluxes have a complex composition and are engineered to satisfy the customer needs. They are essential for the operational reliability and high-grade steel production in continuous casting, bottom pouring, ladle and tundish processes.
- **Minerals trading segment:** the Minerals trading segment is a supplier of industrial minerals for the glass, ceramic, metallurgy and refractory industries. Minerals trading segment produces customized products under strict quality control by using its own crushing and milling facilities.
- The **Corporate segment** incorporates all corporate activities, including the exploration for renewable sources of energy and the management and development of real estate property.

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

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

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

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

40. OPERATING SEGMENT INFORMATION (continued)

The following tables present sales and results regarding the Group's operating segments for the years ended December 31, 2011 and 2010, respectively:

	1/1-31/12/2011				
	Sales			Results	
	Third party	Inter-segment	Total sales	Profit / (loss) before tax	EBITDA
Bentonite	208.719	114	208.833	40.067	50.255
Perlite	67.704	35	67.739	6.106	10.259
C.C.F.	100.418	-	100.418	15.825	19.740
Minerals trading	40.424	113	40.537	5.619	6.011
Other	3.798	-	3.798	141	386
Corporate	1.724	2	1.726	(31.320)	(23.333)
Eliminations	-	(264)	(264)	-	-
Continuing operations	422.787	-	422.787	36.438	63.318
<i>Discontinuing operations</i>	<i>32.933</i>		<i>32.933</i>	<i>(4.478)</i>	<i>4.248</i>
Total Group	455.720		455.720	31.960	67.566
	1/1-31/12/2010				
	Sales			Results	
	Third party	Inter-segment	Total sales	Profit / (loss) before tax	EBITDA
Bentonite	190.175	259	190.434	39.103	49.899
Perlite	66.159	33	66.192	5.983	9.913
C.C.F.	93.899	-	93.899	16.115	20.062
Minerals trading	36.603	227	36.830	4.190	4.515
Other	3.238	-	3.238	(1.072)	(831)
Corporate	1.565	-	1.565	(31.789)	(25.633)
Eliminations	-	(519)	(519)	-	-
Continuing operations	391.639	-	391.639	32.530	57.925
<i>Discontinuing operations</i>	<i>28.495</i>		<i>28.495</i>	<i>(10.772)</i>	<i>1.892</i>
Total Group	420.134		420.134	21.758	59.817

The following tables present the assets of the Group's operating segments as of December 31, 2011 and 2010:

	December 31 2011
Bentonite	204.002
Perlite	75.820
C.C.F.	79.021
Minerals trading	24.158
Other	2.616
Corporate	104.348
Eliminations	232
	490.197
<i>Assets held for sale</i>	<i>72.585</i>
Total assets of the Group	562.782

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

40. OPERATING SEGMENT INFORMATION (continued)

	December 31 2010
Bentonite	195.893
Perlite	76.210
C.C.F.	78.760
Bauxite	56.271
Minerals trading	23.068
Corporate	93.330
Eliminations	139
Total assets of the Group	523.671

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

Geographic information

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

	Revenues from external customers	
	Year 2011	Year 2010
Germany	104.891	96.171
United States	69.580	64.870
France	34.870	27.691
Netherlands	19.128	20.372
Italy	16.080	13.089
Russia	15.499	12.531
Canada	14.671	16.212
Sweden	12.461	11.321
China	11.517	10.061
Brazil	10.781	8.358
Spain	9.980	10.304
United Kingdom	9.714	10.800
Greece	9.098	12.789
Korea	7.120	6.447
Turkey	6.675	3.785
India	6.561	5.694
Ukraine	6.170	4.405
Belgium	5.833	5.952
Other	52.158	50.787
	422.787	391.639
<i>Discontinuing operations</i>	32.933	28.495
Total Group	455.720	420.134

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

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

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

40. OPERATING SEGMENT INFORMATION (continued)

	Non-current assets	
	December 31 2011	December 31 2010
Greece	115.715	153.325
Germany	88.497	92.976
United States	22.800	22.084
Netherlands	11.247	12.108
Bulgaria	12.794	8.487
Italy	7.966	7.803
Other	27.166	29.454
	286.185	326.237

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

41. PRIOR YEARS RECLASSIFICATIONS

For better presentation and comparison purposes, the following amounts have been reclassified: (i) a cash inflow of € 179 was transferred from “Other current assets” to “Increase / (decrease) in restricted cash” in the statement of cash flows for the year ended December 31, 2010 for the Group and the Company, (ii) an amount of € 260 was transferred from line “Other current liabilities” to line “Trade payables” for the year ended December 31, 2010 for the Group (iii) an amount of € 62 was transferred from line “Rentals & Utilities” to line “Other expenses” in Note 6 for the year ended December 31, 2010 for the Group and the Company, (iv) a deferred tax asset of € 216 was transferred from line “Other deferred tax assets” to line “Personnel bonus” in Note 13 for the year ended December 31, 2010 for the Group, (v) a deferred tax asset of € 445 was transferred from line “Other deferred tax assets” to line “Provision for slow moving inventory” in Note 13 for the year ended December 31, 2010 for the Group (vi) a deferred tax asset of € 140 was transferred from line “Other deferred tax assets” to line “Derivatives valuation” in Note 13 for the year ended December 31, 2010 for the Group and the Company and (vii) an amount of € 91 was transferred from line “Advances and prepayments” to line “Prepaid expenses” in Note 25 for the year ended December 31, 2010 for the Group and the Company.

42. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

(in this note all amounts are expressed in Euro)

On March 9, 2012, International Court of Arbitration of the International Commercial Chamber issued its decision on the claim of Kerneos S.A against the Company by which it awarded to an amount of € 2,2 million for damages. For more details on this adjusting event, please see Note 39.

S&B Industrial Minerals S.A.
NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

(Amounts in thousand Euro, unless otherwise stated)

43. FOREIGN EXCHANGE RATES

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

	FINANCIAL POSITION		
	December 31	December 31	Δ%
	2011	2010	
1 € = USD	1,2939	1,3362	-3%
1 € = GBP	0,8353	0,8608	-3%
1 € = BGN	1,9558	1,9558	0%
1 € = HUF	314,58	277,95	13%
1 € = TRY	2,443	2,069	18%
1 € = CNY	8,1588	8,8220	-8%
1 € = GEL	2,1740	2,3440	-7%
1 € = KRW	1.494,10	1.513,60	-1%
1 € = BRL	2,4342	2,2280	9%
1 € = INR	68,713	59,821	15%
1 € = MAD	11,1351	11,1675	0%
1 € = PLN	4,4580	3,9750	12%
	COMPREHENSIVE INCOME		
	Average rate	Average rate	Δ%
	2011	2010	
1 € = USD	1,3920	1,3257	5%
1 € = GBP	0,8679	0,8578	1%
1 € = BGN	1,9558	1,9558	0%
1 € = HUF	279,37	275,48	1%
1 € = TRY	2,338	1,997	17%
1 € = CNY	8,9960	8,9712	0%
1 € = GEL	2,3441	2,3638	-1%
1 € = KRW	1.541,42	1.532,94	1%
1 € = BRL	2,3293	2,3317	0%
1 € = INR	64,886	60,534	7%
1 € = MAD	11,2687	11,1265	1%
1 € = PLN	4,1206	3,9947	3%

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E. ADDITIONAL INFORMATION



S&B Industrial Minerals S.A.

Company's No 110/06/B/06/11 in the register of Societes Anonymes, Andrea Melaza 15 - 145 64 Kifissia

FINANCIAL DATA AND INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2011

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

(Amounts in Euro thousand unless otherwise stated)

The purpose of the below data and information is to provide users with general financial information about the financial position and the result of operations of S&B Industrial Minerals S.A. and the Group of companies of S&B Industrial Minerals S.A. We advise the readers that, before proceeding to any kind of investing activity or other transaction with the Company, to access the company's web site www.sandb.com where the financial statements are published together with the auditor's review report, whenever it is required.

Company's website: www.sandb.com
 Supervising Authority: Ministry of Development, Societe Anonyme and Credit Division
 Board of Directors approval date of financial statements: March 02, 2012
 Certified Auditors Accountants: PANOS PAPAZOGLIOU, IOANNIS POICHOUNTAKIS
 Auditing firm: ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.
 Type of auditors report: Unqualified opinion

Board of Directors:
 Chairman: Ulysses Kyriakopoulos
 Vice Chairman: Kalyso-Maria Nomicos
 Chief Executive Officer: Kriton Leonidas Anavlavis
 Non Executive Members: Florica P.Kyriakopoulos, Alain Walter Marie Wivine Goeckelack, Ethimios Vitalis
 Independent Non Executive Members: Robert James Champion de Crespigny AC, Gabriel Hawawini, Raphael Molizis, Helen Pasaoustantinou, Alexandros Sampergiou, Jan Carel Maarten Scheffelinck

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
Property, Plant & Equipment	154.439	190.114	62.262	97.828
Investment properties	18.860	20.214	18.860	20.214
Intangible assets:	102.599	105.185	25.122	25.325
Other non current assets:	34.739	17.298	143.069	140.236
Inventories:	73.469	77.056	19.362	25.908
Trade receivables:	49.557	51.743	4.655	7.808
Other current assets:	20.292	19.148	16.501	16.946
Cash and cash equivalents:	46.158	42.724	2.823	1.208
Available for sale financial assets:	90	189	90	189
Assets held for sale:	73.589	-	76.286	-
TOTAL ASSETS	562.782	523.674	367.540	326.662
EQUITY AND LIABILITIES				
Share capital:	51.111	51.782	51.111	51.782
Share premium:	27.000	42.829	27.000	42.829
Other equity components:	173.142	148.296	93.006	91.649
Total equity attributable to owners of the Company (a):	249.253	242.897	171.117	185.760
Minority interests (b):	658	564	-	-
Total equity (c) = (a) + (b):	249.911	242.958	171.117	185.760
Long-term interest-bearing loans and borrowings:	66.978	119.858	66.978	74.929
Provisions/Other non current liabilities:	41.738	52.789	11.509	22.482
Short-term borrowings:	111.279	95.779	65.698	27.500
Other current liabilities:	68.844	72.299	27.998	25.991
Liabilities associated with the assets classified as held for sale:	24.032	-	24.000	-
Total liabilities (d):	312.871	380.713	196.423	150.902
TOTAL EQUITY AND LIABILITIES (c) + (d)	562.782	523.674	367.540	326.662

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
CONDENSED STATEMENT OF CHANGES IN EQUITY				
Equity at beginning of the year (1/1/2011 and 1/1/2010 respectively):	242.958	231.027	185.760	196.010
Total comprehensive income/(loss) for the year:	19.859	17.598	-1.743	6.878
Dividend distribution:	-714	-5.054	-	-4.971
Share capital increase:	-12.778	-	-12.778	-
Share capital decrease:	-671	-	-671	-
Share capital return:	-12.778	-	-12.778	-
Share premium decrease:	-15.329	-	-15.329	-
Distribution of shares to personnel:	-	902	-	902
Purchase of treasury shares:	6	-1.950	6	-1.950
Cancellation of treasury shares:	3.222	-	3.222	-
Increase/(decrease) of investment in subsidiaries:	68	-212	-	-
Share based payment:	-116	700	-116	700
Income tax relating to the future distribution of reserves from tax-exempted income:	-	-59	-	-59
Equity at year end (31/12/2011 and 31/12/2010 respectively):	249.911	242.958	171.117	185.760

ADDITIONAL DATA AND INFORMATION

1. Companies included in the consolidated financial statements together with country of establishment, participation interest and method of consolidation for the fiscal year 2011 are presented in notes 3, 20, 21 of the annual financial report.

2. The fiscal years that are unaffected by the tax authorities for the Company and the Group's subsidiaries are presented in detail in note 13 of the annual financial report.

3. Number of employees: at the end of the reporting year: Group 1.963 (31.12.2010: 1.968) and 656 for the Company (31.12.2010: 643).

4. Certain amounts of previous fiscal year have been reclassified for better presentation and comparability purposes (note 41 of the annual financial report).

5. Related party transactions for the fiscal year 2011 and balances with related parties as of December 31, 2011 according to I.A.G. 24 are as follows:

	Group	Company
a) Revenues:	9.536	55.449
b) Expenses:	6.243	843
c) Receivables from related parties:	1.464	3.243
d) Payables to related parties:	68.844	11.455
e) Key management personnel compensations:	6.995	5.880
f) Receivables from key management personnel:	0	0
g) Payables to key management personnel:	1.272	1.228

6. Other comprehensive loss for the fiscal year 1.1.2011 - 31.12.2011 is as follows:

	Group	Company
Translation of foreign operations:		
- Subsidiaries:	1.132	0
- Associates:	-567	0
Valuation of available-for-sale financial assets:	-99	-99
Income tax relating to the valuation of available-for-sale financial assets:	20	20
Valuation of derivatives:	-1.455	-1.455
Income tax relating to the valuation of derivatives:	273	273

7. Provisions of the Group and the Company as of 31.12.2011 are as follows:

	Group	Company
a) Provision for litigation and arbitration:	1.726	1.701
b) Provision for unutilised tax years:	834	200
c) Other provisions:	775	390

8. No liens exist on the Group's and the Company's property, plant and equipment except for a mortgage of € 1.1 million on the property, plant and equipment of S&B Industrial Minerals AD (note 16.29 of the annual financial report).

9. On March 9, 2012, the International Court of Arbitration of the International Commercial Chamber issued its decision on the claim of Hermes S.A. against the Company by which it awarded an amount of € 2.2 million for damages which is charged in December 31, 2011 income statement. Except for this case, within the normal course of business of the Company and the Group there are pending lawsuits, applications and appeals (note 39.42 of the annual financial report).

10. (In this note all amounts are expressed in Euro):

- On March 22, 2011 the Board of Directors of the Company proposed and the Shareholders' General Assembly (AGM) held on June 1, 2011 approved to increase the Company's share capital by the amount of € 12,777,671.75 through the capitalization of an equal amount of the "Share premium account" reserve by increasing the nominal value of each share from the current € 1.00 to € 1.25. The AGM also approved to subsequently decrease the share capital of the Company by an equal amount i.e. € 12,777,671.75 through the reduction of the nominal value of each share by € 0.25 and payment of the amount of the capital reduction to the shareholders in cash. The amount of the capital reduction was paid to the Company's shareholders on July 25, 2011. Following the above transactions as of December 31, 2011 the Company's share capital amounted to € 51,110,687 divided into 51,110,687 common registered shares of nominal value € 1.00 each (note 27 of the annual financial report).
- Due to the reported net loss for the Company, statutory minimum dividend declaration and payment for 2011 is not required, though the Board of Directors may propose an alternative reward to shareholders at a later time for 2011 (note 30 of the annual financial report).
- Within 2011, the Company purchased 1,800 common treasury shares, at an average price of € 3.76 per share for an aggregate amount of € 6,761.00. As of June 22, 2011, the Company held 571,519 treasury shares at average price of € 4.8 per share, for a total amount of € 3,222,614.14. On June 1, 2011 the Shareholders' AGM resolved to decrease the total number of shares from 51,782,200 to 51,110,687 ordinary registered shares, by cancelling 671,519 treasury shares, which have been acquired during the period from June 5, 2008 until January 12, 2011. The aforementioned AGM decision was approved by the competent ministry on June 22, 2011 (note 27 of the annual financial report).
- On November 8, 2011, we announced jointly with Mytilineos Holdings S.A. the attainment of an initial agreement for the gradual acquisition of S&B's bauxite operations in Greece by Mytilineos' fully owned subsidiary Aluminium S.A. The initially agreed price for this transaction is € 51.4 million and is to be confirmed upon completion of a financial, legal, tax and technical due diligence process. Upon the successful completion of the due diligence process, a detailed procedure, the terms and the relevant timeline for the gradual transfer of our bauxite operations to Aluminium S.A. will be set. The initial agreement foresees the contribution of the Group's bauxite activity in Greece by Delphi Distom (D.D.), a fully-owned subsidiary of Aluminium S.A. engaged in bauxite production. At that stage, S&B will become a shareholder in the resulting structure (New D.D.). Thereafter, Aluminium S.A. will gradually acquire D.D.'s contributed share in D.D., such that its own share in D.D. reaches 51% and thereafter will proceed to the acquisition of the remaining 49% share gradually over the following 30-month period. In accordance with the provisions of IFRS 5, at December 31, 2011 S&B's bauxite operations in Greece and "Greek Helicon Bauxite S.A.", a fully-owned subsidiary of the Parent Company, were classified as a discontinuing operation.
- As of January 1st, 2011, Demin Asian Metallurgical S.A.S. was merged into S&B Industrial Minerals S.A.R.L. In September 2011, Asian Minerals Ltd. was dissolved. Within 2011, the Group acquired the remaining 25% participation that ORYML S.A. (a related party) held in Cape Trachilas Enterprises Ltd. and its direct subsidiaries for a consideration of € 1. On December 31, 2011 Cape Trachilas One Ltd., Cape Trachilas Two Ltd., Cape Trachilas One S.A. and Milos Island Resort Ltd. are under dissolution process (note 3 of the annual financial report).

	GROUP			COMPANY		
	1.1 - 31.12.2011	1.1 - 31.12.2010	Total	1.1 - 31.12.2011	1.1 - 31.12.2010	Total
STATEMENT OF COMPREHENSIVE INCOME						
Continuing operations:	422.787	32.993	455.720	391.639	28.495	420.134
Discontinuing operations:	109.066	2.034	111.100	102.998	-9.619	93.379
Gross profit/(loss) before income tax, financial and investment results:	44.275	-3.785	40.490	39.694	-10.089	28.605
Profit/(loss) before tax:	36.438	-4.478	31.960	32.530	-10.772	21.758
Net profit/(A):	25.159	-4.604	20.555	23.254	-10.479	12.875
Attributable to:						
- Owners of the company:	25.221	-4.604	20.617	23.612	-10.479	13.138
- Non-controlling interests:	-62	-	-62	-258	-	-258
Other comprehensive (loss)/income for the year (B):	-	-	-696	4.723	-	4.723
Total other comprehensive income/(loss) for the year (A) + (B):	24.463	-4.604	19.859	28.077	-10.479	17.598
Attributable to:						
- Owners of the company:	24.516	-4.604	19.912	28.228	-10.479	17.849
- Non-controlling interests:	-53	-	-53	-251	-	-251
Net earnings/(losses) per share - basic (in €):	0.4935	-0.0901	0.4084	0.4609	-0.2045	0.2564
Profit before income tax, financial and investment results, depreciation and amortization:	63.818	4.248	67.566	57.925	1.892	59.817

	GROUP			COMPANY		
	1.1 - 31.12.2011	1.1 - 31.12.2010	Total	1.1 - 31.12.2011	1.1 - 31.12.2010	Total
INDIRECT METHOD						
Continuing operations:	111.097	32.993	144.092	106.706	28.502	135.208
Discontinuing operations:	25.004	1.889	26.893	33.995	-8.915	25.080
Gross profit:	10.607	-3.884	6.723	8.908	-9.557	-1.249
Profit/(loss) before tax:	5.252	-4.576	676	4.758	-10.258	-5.470
Net Profit/(loss) (A):	4.220	-4.702	-482	3.475	-9.945	-6.470
Attributable to:						
- Owners of the company:	4.220	-4.702	-482	3.475	-9.945	-6.470
Other comprehensive loss for the year (B):	-1.261	-	-1.261	-408	-	-408
Total other comprehensive income/(loss) for the year (A) + (B):	2.959	-4.702	-1.743	3.067	-9.945	-6.878
Attributable to:						
- Owners of the company:	2.959	-4.702	-1.743	3.067	-9.945	-6.878
Net earnings/(losses) per share - basic (in €):	0.0826	-0.0920	-0.0094	0.0678	-0.1941	-0.1258
Profit before income tax, financial and investment results, depreciation and amortization:	18.212	4.149	22.361	15.692	1.518	17.210

	GROUP			COMPANY		
	1.1 - 31.12.2011	1.1 - 31.12.2010	Total	1.1 - 31.12.2011	1.1 - 31.12.2010	Total
CASH FLOW STATEMENT						
Continuing operations:	26.438	32.530	5.252	4.758	14.568	19.816
Discontinuing operations:	-4.478	-10.772	-15.250	-4.576	-10.258	-14.834
Net cash flows from operating activities (a):	31.960	21.758	36.887	676	3.310	4.982
Adjustments for:						
- Depreciation and amortization:	19.195	19.415	38.610	7.695	7.590	15.285
- Grants amortization:	-152	-	-152	-	-	-152
- Provisions, net:	2.374	5.864	8.238	-1.878	3.702	1.824
- Finance income:	-594	-407	-1.001	-	-	-1.001
- Finance costs:	8.674	6.571	15.245	6.416	4.382	10.798
- Investment income (net of foreign taxes):	-	-	-	-635	-205	-840
- Share of profit of associates:	-	-899	-899	-	-	-899
- Impairment loss:	-	2.880	2.880	1.080	-	1.080
- Gain from disposal of associates:	-	-243	-243	-	-	-243
- Loss/(Gain) from disposal of property, plant and equipment:	228	-23	205	20	4	24
Net cash flows from operating activities (a):	63.433	52.000	115.433	12.931	9.160	22.091
(Increase) / Decrease in:						
- Inventories:	-6.233	-8.243	-14.476	-1.639	221	-1.418
- Trade receivables:	-3.574	-3.813	-7.387	-1.991	71	-1.920
- Due from related parties:	-109	-95	-204	698	6.406	6.200
- Other assets:	-9.516	-7.066	-16.582	-8.609	-6.667	-15.276
Increase / (Decrease) in:						
- Trade payables:	524	11.059	11.583	-2,019	9,259	7,240
- Due to related parties:	-	153	153	10,159	330	10,489
- Other liabilities:	-2,323	2,520	197	955	2,382	3,337
- Cash/leaving indemnities paid:	-4,641	-2,464	-7,105	-3,791	-822	-4,613
- Payments for environment rehabilitation:	-343	-314	-657	-342	-245	-587
- Income tax paid:	-12,960	-6,991	-19,951	-1,505	-3,422	-4,927
Net cash flows from operating activities, discontinuing operations:	12,880	6,740	19,620	12,522	6,538	19,060
Net cash flows from investing activities (a):	37,779	43,540	81,319	17,449	16,985	34,434
Capital expenditure:	-20,827	-14,884	-35,711	-9,519	-7,321	-16,840
- Business combinations and investments in consolidated entities:	-101	-1,136	-1,237	-	-	-1,237
- Proceeds from the sale of associate:	248	550	798	550	-	550
- Dividends received:	288	82	370	498	154	652
- Interest and other finance income received:	264	407	671	26	197	223
- Proceeds from the settlement of derivatives:	933	80	1,013	933	80	1,013
- Purchase of available for sale financial assets:	-	-109	-109	-	-109	-109
- Government grants received:	-	245	245	-	-	245
- Proceeds from disposal of property, plant and equipment:	561	476	1,037	1	16	17
- Proceeds from long-term borrowing:	20,000	-	20,000	20,000	-	20,000
Net cash flows from investing activities (a):	20,238	-10,111	10,127	20,238	-10,074	10,164
Net cash flows used in investing activities (b):	-39,380	-24,450	-63,830	-28,889	-24,007	-52,896
Net cash flows from financing activities:						
- Capital return to shareholders:	-12,767	-	-12,76			

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

The following reference table presents the announcements that the Company published or made available to the public during 2011, regarding Company's shares, the Company or the organized Stock exchange in which Company's shares are traded.

NO	DESCRIPTION	WEB ADDRESS LINK	WEB ADDRESS DESCRIPTION
1.	Annual Financial Report Full Year 2011 (incl. report of the BoD, Consolidated and Stand-alone Financial Statements)	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
2.	Figures & Information as of 31.12.2011	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
3.	Consolidated and Stand-alone Nine Months 2011 Interim Financial Statements	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
4.	Figures & Information as of 30.09.11	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
5.	Half Year 2011 Financial Report (incl. report of the BoD, Consolidated and Stand-alone Financial Statemtns)	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
6.	Figures & Information as of 30.06.11	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
7.	Consolidated and Stand-alone First Quarter 2011 Interim Financial Statements	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
8.	Figures & Information as of 31.03.11	http://www.sandb.com/investor-relations/results-presentations/2011-2/	HOME->INVESTOR RELATIONS-> RESULTS & PRESENTATIONS-> RESULTS ->2011
9.	Announcement of S&B insiders transactions for the year 2011	http://www.sandb.com/investor-relations/corporate-governance/dealings-in-company-shares/	HOME->INVESTOR RELATIONS-> CORPORATE GOVERNANCE-> DEALINGS IN COMPANY SHARES
10.	S&B'S announcements at the Athens Exchange for the year 2011	http://www.sandb.com/investor-relations/regulatory-news/	HOME->INVESTOR RELATIONS-> NEWS
11.	S&B'S Press Releases during the year 2011	http://www.sandb.com/media/news/	HOME->MEDIA-> NEWS
12.	Annual General Meeting 2011 - All relevant announcements and information	http://www.sandb.com/investor-relations/shareholders/annual-general-meeting/	HOME->INVESTOR RELATIONS-> SHAREHOLDERS-> ANNUAL GENERAL MEETING