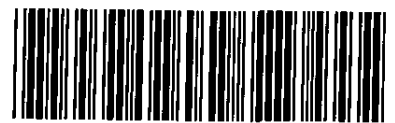


ELEMENTIS US LIMITED
Registered Number: 08005226

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Principal activities and business review

The principal activity of the Company is to act as an investment and holding company providing financing, management and administrative services to Group undertakings.

As an investment and holding company that forms part of the Elementis plc group of companies, whose structure is constantly evolving and based upon a variety of operational, regulatory and legal factors, the Company's directors do not believe that analysis of the Company using key performance indicators is necessary or appropriate for an understanding of the development, performance or position of the Company. The key performance indicators of Elementis plc are discussed on pages 14 and 15 of the 2017 Annual Report and Accounts, which does not form part of this report.

The results of the year ended 31 December 2017 are set out in the profit & loss account on page 7. There was no movement in the year compared to a loss of \$389.0 million 2016, this was due an impairment to investments in 2016.

Principal risks and uncertainties

The main risks that the business faces are its exposure to changes in interest rates and its exposure to changes in exchange rates. These risks are managed by the Company's treasury function which monitors interest rate risk, currency risk and liquidity risk for the Elementis Group as a whole.

Future developments

The directors expect the general level of activity to remain consistent with 2017 in the forthcoming year.

The Strategic report was approved by the Board and has been signed on its behalf by:



C Gilbert
Director

Date: 15th AUGUST 2018

Directors' report for the year ended 31 December 2017

The directors submit their annual report and the unaudited financial statements for the year ended 31 December 2017.

Directors' indemnities

There were no director indemnities during the year ended 31 December 2017 (2016: nil).

Directors

Directors of the Company, who served throughout the year and to the date of this report, are as follows:

C Gilbert
R Hewins

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Letters of support have been provided to support this expectation within all group entities. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors do not consider liquidity risk to be a significant risk for this entity due to the inter-group financing available when required.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (see note 1).

Dividends

No ordinary share dividend was paid or proposed during the year (2016: £nil).

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Employment communications and involvement

It is Company policy to communicate with all employees on major matters to encourage them to take a wider interest in the affairs of the Company. This is done in a variety of ways including bulletins and briefing sessions.

Employment policies

The Company is committed to the principle of equal opportunities in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Company business.

These policies ensure that everyone is accorded equal opportunity for recruitment, training and promotion. Where an employee becomes disabled whilst employed by the Company, every effort is made to allow that person to continue in employment.

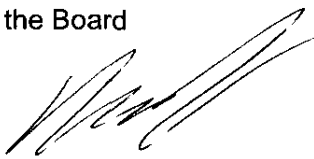
Audit exemption

For the year ended 31 December 2017 the company will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2017.

The Company is 100% indirectly owned by Elementis plc who will guarantee the debts and liabilities of the Company at the balance sheet date in accordance with section 479C of the Companies Act 2006.

By order of the Board

C Gilbert
Director



Date: 15th AUGUST 2018

Registered office:
Caroline House
55-57 High Holborn
London
WC1V 6DX

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
 for the year ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
Impairment loss		-	(389,000)
(Loss)/profit on ordinary activities before tax		-	(389,000)
Tax on (loss)/profit on ordinary activities	3	-	-
Profit for the year		-	(389,000)
Total comprehensive income for the year		-	(389,000)

All amounts above relate to continuing operations.

There are no recognised gains and losses other than those in the profit and loss and other comprehensive income above.

The notes on pages 8 to 14 form part of these financial statements.

BALANCE SHEET
as at 31 December 2017

	Note	2017 \$'000	2016 \$'000
Fixed assets			
Investment in subsidiary undertakings	4	320,000	320,000
Current liabilities			
Amounts owed to group undertakings		(1,612)	(1,612)
Total assets less current liabilities		318,388	318,388
Net assets		318,388	318,388
Capital and reserves			
Called up share capital	5	709,000	709,000
Profit & loss account		(390,612)	(390,612)
Shareholders' funds		318,388	318,388

The notes on pages 8 to 14 form part of these financial statements.

For the period ending 31 December 2017, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' Responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476 of the Companies Act 2006:
- The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

Approved by the Board and authorised for issue on 15th August 2018



C Gilbert
Director
Elementis US Limited
Company registered number: 08005226

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Called-up Share capital \$'000	Profit and loss account \$'000	Total \$'000
Balance at 1 January 2016	709,000	(1,612)	707,388
Comprehensive income:			
Total comprehensive income for the period	-	(389,000)	(389,000)
Balance at 31 December 2016	709,000	(390,612)	318,388
Comprehensive income:			
Total comprehensive income for the period	-	-	-
Balance at 31 December 2017	709,000	(390,612)	318,388

The notes on pages 8 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2017 (continued)**

1 Accounting policies

Elementis US Limited ('the company') is a Company incorporated and domiciled in the UK, registered in England & Wales and limited by shares.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As a qualifying entity whose results are consolidated into the Elementis plc consolidated financial statements which include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Presentation of the cash flow statement and related notes;
- Share based payments;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of related party transactions;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and,
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis.

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is consolidated in the financial statements of its parent, Elementis plc, which may be obtained from the address as disclosed on note 5.

Going concern

The financial statements have been prepared on a going concern basis, on the grounds that Elementis plc, the ultimate parent company, will continue to provide financial and other support to the Company at least for the next twelve months from the date of approval of these financial statements.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investment in subsidiaries are stated at cost less impairment.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at exchange rate ruling at the dates the fair value was determined. Exchange gains and losses on foreign currency equity investments are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Impairment *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2017 (continued)**

1 Accounting policies (continued)

unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Company's accounting policies, management must make a number of key judgements on the application of applicable accounting standards and estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are based on factors considered to be relevant, including historical experience, which may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Impairment of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 Administrative expenses

For the year ended 31 December 2017 the company will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2017.

The Company is 100% indirectly owned by Elementis plc who will guarantee the debts and liabilities of the Company at the balance sheet date in accordance with section 479C of the Companies Act 2006.

Due to the nature of the operations of the Group, the remuneration of the directors for their services to the Company is not contained in the records of the Company, as the amount of work performed by the directors for the Company is immaterial. The emoluments of all the directors are borne by the Company's parent undertaking, Elementis plc, or another group undertaking for which they performed substantially all of their executive duties.

The financial statements of Elementis plc are publicly available, details are disclosed in note 6.

There were no employees in the period. (2016: nil)

3 Tax

	2017	2016
	\$'000	\$'000
Factors affecting tax credit for the year:		
(Loss)/profit on ordinary activities before tax	-	(389,000)
Tax on ordinary activities at 19.25% (2016: 20%)	-	77,800
Items not taxable	-	(77,800)
Current tax credit for the year	<u>-</u>	<u>-</u>

4 Investments in subsidiary undertakings

	2017	2016
	\$'000	\$'000
At 1 January	320,000	709,000
Impairments	-	(389,000)
At 31 December	<u>320,000</u>	<u>320,000</u>

The investments are in unlisted shares.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

4 Investments in subsidiary undertakings (continued)

Related undertakings included in investments in subsidiary undertakings are as follows:

<i>Group undertaking</i>	<i>Principal activity</i>	<i>Country of Incorporation</i>	<i>Equity held %</i>	<i>Direct / Indirect</i>
Elementis Global LLC	Non-trading	USA ¹	100	Direct
Elementis Chromium Inc	Chromium chemicals	USA ¹	100	Indirect
Elementis LTP Inc	Chromium chemicals	USA ¹	100	Indirect
Elementis Specialties Inc	Rheological additives, colourants, waxes, other specialty additives	USA ¹	100	Indirect
American Chrome & Chemicals Inc	Dormant	USA ¹	100	Indirect
Elementis America Shared Services Inc	Dormant	USA ¹	100	Indirect
Elementis Catalysts Inc	Dormant	USA ¹	100	Indirect
Elementis Chemicals Inc	Dormant	USA ¹	100	Indirect
Elementis Chromium America Inc	Dormant	USA ¹	100	Indirect
Elementis Pigments Inc	Dormant	USA ¹	100	Indirect
H & C Lumber Inc	Dormant	USA ¹	100	Indirect
Iron Oxides S.A. de CV	Dormant	Mexico	100	Indirect
SRLH Holdings Inc	Non-trading	USA ¹	100	Indirect
Elementis SRL Inc	Personal Care products	USA ²	100	Indirect
SRL International Holdings, LLC	Non-trading	USA ¹	100	Indirect
SRL Coöperatief U.A.	Non-trading	Netherlands ³	100	Indirect
SRL Pharma GmbH	Personal Care products	Germany ⁴	100	Indirect
SRL Dental GmbH	Personal Care products	Germany ⁴	100	Indirect
Adentac GmbH	Personal Care products	Germany ⁵	100	Indirect
Eisenbacher Dentalwaren ED GmbH	Personal Care products	Germany ⁶	100	Indirect
SRL Performance Ltd	R&D for Personal Care	UK ⁷	100	Indirect
Reheis, Inc.	Non-trading	USA ¹	100	Indirect
Alembic Manufacturing Ltd	Personal Care products	UK ⁸	25	Indirect
WBS Carbons Acquisitions Corp	Non-trading	USA ¹	100	Indirect

¹ Registered office 1209 Orange Street, Wilmington, Delaware, 19801 US

² Registered office 251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808 US.

³ Registered office Strawinskylaan 411, 1077XX Amsterdam Netherlands

⁴ Registered office Giulinistr.2, 67065 Ludwigshafen Germany

⁵ Registered office Konrad-Adenauer-Straße 13, 50996 Köln Germany

⁶ Registered office Dr.-Konrad-Wiegand-Str 9, 63939 Wörth a.Main Germany

⁷ Registered office Caroline House, 55-57 High Holborn, London WC1V 6DX UK.

⁸ Registered office Unit 6 Wimbourne Buildings, Atlantic Way, Barry Docks, Barry, South Glamorgan CF63 3RA UK.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

5 Investments in subsidiary undertakings (continued)

Notes:

- Equity capital is in ordinary shares, wholly-owned and voting rights equate to equity ownership.
- The undertakings listed above have accounting periods ending 31 December.
- In the opinion of the directors, the value of investments is not less than the value at which they are included in the balance sheet.

6 Called up share capital

	Issued and fully paid	
	2017 \$'000	2016 \$'000
709,000,001 ordinary shares of \$1	709,000	709,000

7 Ultimate parent undertakings

The Company's ultimate parent undertaking and controlling party is Elementis plc. The Company's immediate parent undertaking is Elementis US Holdings Inc. Elementis plc was the smallest and largest group to consolidate the financial statements of the Company. Copies of the consolidated financial statements of Elementis plc may be obtained from Caroline House, 55-57 High Holborn, London, WC1V 6DX.