2 August 2011

ELEMENTIS

ELEMENTIS plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Elementis plc, a Global Specialty Chemicals Company, announces its results for the six months ended 30 June 2011.

HIGHLIGHTS

- Revenue increased by 11 per cent
- Operating profit increased by 48 per cent
- Record performance in Specialty Products
- Operating margins improved in all areas of the business
- Strong cash flow led to 50 per cent reduction in net debt since 30 June 2010
- Successful EU Commission appeal – Euro 23.4 million refunded with interest on 1 August 2011

FINANCIAL SUMMARY

	2011	2010	Change
Revenue	**$396.0m**	$358.0m	+11%
Operating profit	**$72.2m**	$48.7m	+48%
Operating margin	**18.2%**	13.6%	+34%
Profit before tax	**$70.6m**	$46.2m	+53%
Diluted earnings per share	**10.6c**	7.2c	+47%
Operating cash flow	**$56.1m**	$52.2m	+7%
Net debt	**$54.4m**	$108.3m	Down 50%
Dividend to shareholders	**2.34c**	2.34c	
Basic earnings per share	**10.8c**	7.3c	+48%

Commenting on the results, Group Chief Executive, David Dutro said:

"We are very pleased to report further growth in the Group's operating results, as well as solid progress against our key strategic objectives. Group operating profit and earnings per share have advanced sharply against what was a robust first half in 2010. Group operating margins have expanded significantly in an environment of rapid raw material cost inflation, demonstrating the inherent quality of our core businesses. Elementis also delivered another strong half year cash flow performance by leveraging our high return, low capital intensive production base together with a continuing focus on working capital control. We have utilised our cash flow, as we said we would, to reduce debt and invest in the growth of our Specialty Products business through several capacity expansions. Going forward we have the financial flexibility and balance sheet strength to support further growth and are confident of making good progress in the second half of the year, in line with management's expectations."

- ENDS -

Enquiries

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Chairman's statement

I am very pleased to report on another strong period of growth and profitability for Elementis. The combination of our customer aligned technical service and global presence in Specialty Products, together with a more focussed strategy in Chromium centred on our strong position in North America, is proving to be a resilient business model, generating excellent earnings and cash flow. The Group's strategy of preferentially investing in the Specialty Products business is being exemplified in 2011 through expansion projects at three of our existing plants serving the coatings, personal care and oilfield drilling markets, all of which will come on stream during the current year to meet growing demand. The Board continues to be impressed by the overall quality and dedication of the business teams who are making a significant contribution to our performance. All of this leads me to conclude that the Group is well positioned for continuing long term success.

Results

Revenue in the period was $396.0 million which is an increase over the previous year of 10.6 per cent, or 8.4 per cent on a constant currency basis, with all three of our businesses showing good progress. Operating profit for the first six months of 2011 was $72.2 million compared to $48.7 million last year and the Group's operating margin improved to 18.2 per cent (2010: 13.6 per cent). Fully diluted earnings per share was 10.6 cents compared to 7.2 cents in the first half of 2010.

Balance sheet

Both of our main businesses, Specialty Products and Chromium, enjoy high returns on operating capital and therefore the strong growth in our earnings also leads to positive cash flow generation and a consequential reduction in debt. Net debt for the Group has therefore fallen by $24.9 million since 31 December 2010 and was $54.4 million at the end of June 2011. Gearing, as measured by the ratio of net debt to EBITDA, has also fallen from 0.6x to 0.4x over the same period.

As previously announced, the European Commission has repealed its decision of November 2009 to impose fines on Elementis totalling Euro 23.4 million (approximately $34 million). As a consequence, the Commission repaid this amount in full on 1 August 2011, together with interest. The effect of this repayment will be to further reduce the Group's net debt in the second half of 2011 and, as such, the Group's financial position is extremely sound and provides significant flexibility to support further growth and investment.

Interim dividend

The Board is declaring an interim dividend of 2.34 cents per share which will be paid on 7 October 2011, in pounds sterling at an exchange rate of $1.6322. This represents the same dividend as was declared at this time last year and reflects the Board's intention to rebalance the dividend by recognising the Group's earnings progress by adjusting the final dividend for this year.

Health, safety and environment

I am happy to report that our activities in this important area of our business have continued to be of a high standard during the first half of 2011, with no significant incidents to report.

People

The impressive performance of our businesses is due, in no small part, to the continuing efforts and achievements of our employees. I would like to thank them all on behalf of the Board for their on-going commitment to our success.

Current trading and outlook

The Group has delivered a strong performance in the first half of 2011, which is all the more notable when considering that the same period last year was positively impacted by significant customer restocking. This performance, together with our confidence in our market positions, balanced geographic footprint and strong balance sheet, leads us to conclude that we will make further good progress in the second half of the year, in line with management's expectations, and are well positioned for long term success.

Robert Beeston
Chairman
2 August 2011

Business review

Group Chief Executive's report

We are very pleased to report a further improvement in the Group's operating results, as well as solid progress against our key strategic objectives. Group operating profit and EPS advanced sharply over a robust first half in 2010. Group operating margins have improved significantly in an environment of rapid raw material inflation, which demonstrates the inherent quality of our core businesses. Margin improvement has been driven by the combination of best in class procurement, aggressive portfolio management and pricing discipline.

The businesses delivered another half year of strong cash flow performance by leveraging our high return, low capital intensive production base and continuing our focussed comprehensive programme to optimise working capital. We have used our cash, as we said we would, to pay down debt and to invest in the growth of our Specialty Products business. The strengthened balance sheet provides Elementis with the financial flexibility to support both organic growth initiatives as well as acquisition opportunities.

2011 First half highlights:

- All of the Group's key performance indicators (profit, margins, EPS, cash flow, revenue) improved significantly over the strong first half of 2010.
- Specialty Products
  - Delivered another record half year financial performance.
  - Capacity expansion projects are well underway to support growth in coatings, personal care and oil drilling markets.
- Chromium
  - Strong performance reflects the benefits of our new business model to optimise performance with reduced volatility.
  - Castle Hayne facility converted to natural gas in April which will deliver $5 million of savings in 2011.
- Surfactants – we continue to improve the quality of its product portfolio and margins.
- Maintained an excellent health and safety record.
- Just after the period end, the European Commission repealed its earlier ruling and has since repaid Euro 23.4 million plus interest.

Specialty Products provides solutions to our customers' problems through superior technical service, application support and technically advanced products. It is a key supplier to the coatings, oilfield and personal care markets and provides an ideal growth platform for Elementis with balanced geographic exposure across mature and emerging economies and strategic market diversification. Specialty Products continued to successfully execute its growth strategy delivering its best half year ever in terms of sales and operating profit, driven by market share gains, margin improvement and operational efficiency. We firmly believe that making our customers more successful will make us more successful and this remains the cornerstone of our strategy for new product development and technology investments. It is also a key component of our acquisition criteria.

The Specialty Products business is strategically well placed to continue to benefit from the powerful global trends of robust growth in shale gas drilling, the opportunities provided by our established position in emerging and high growth markets, especially Asia, and our portfolio of highly valued and innovative products particularly in all-natural personal care formulations and high performance coatings.

The Chromium business strategy is centred on reducing our sensitivity to cyclical fluctuations and consistently delivering more predictable and therefore higher quality earnings and cash flow. Our Chromium business has continued to operate at consistently high rates of capacity utilisation allowing the business to optimise its production and to increase its percentage of sales into the more differentiated North American market. We anticipate strong customer demand for the foreseeable future and there is a high confidence in our ability to pass through any cost increases and maintain margins. The flexible energy project which was completed in

April 2011 will deliver approximately $5 million in cost savings in 2011. This conversion of our main US facility to natural gas will also reduce greenhouse emissions by up to 25 per cent in addition to having a positive impact on margins.

The Chromium business has successfully completed the restructuring phase of its strategy and is now well into the second phase to optimise earnings and cash flow through management's focus on product pricing, product mix and operational excellence that increases throughput and/or reduces cost. This theme has been clearly illustrated by the improvement in revenues and margins from the first half of 2010 to the current period.

We will continue to further strengthen our leading global market position in rheology for coatings, personal care and oil drilling by utilising the earnings and cash flow from the Chromium business to preferentially invest in the Specialty Products business. While we have made good progress, there is a lot more work and opportunity ahead and we move forward with confidence in our ability to successfully execute our growth strategy and create additional shareholder value.

David Dutro
Group Chief Executive
2 August 2011

Finance report

Revenue for the six months ended 30 June	Revenue 2010 $million	Effect of exchange rates $million	Increase/ (decrease) 2011 $million	**Revenue 2011 $million**
Specialty Products	215.8	5.8	15.6	**237.2**
Chromium	104.5	0.1	10.5	**115.1**
Surfactants	43.6	2.1	5.9	**51.6**
Inter-segment	(5.9)	-	(2.0)	**(7.9)**
	358.0	8.0	30.0	**396.0**

Operating profit/(loss) for the six months ended 30 June	Operating profit 2010 $million	Effect of exchange rates $million	Increase/ (decrease) 2011 $million	**Operating profit 2011 $million**
Specialty Products	37.3	2.9	9.2	**49.4**
Chromium	16.1	0.1	10.0	**26.2**
Surfactants	2.2	0.1	0.7	**3.0**
Central costs	(6.9)	(0.2)	0.7	**(6.4)**
	48.7	2.9	20.6	**72.2**

Group results

Group revenue was $396.0 million in the first half of 2011 compared to $358.0 million in the same period last year, an increase of 10.6 per cent or 8.4 per cent on a constant currency basis. All three businesses demonstrated healthy sales growth in the period due to a combination of robust customer demand, a continuing emphasis on innovation and higher value added products and pricing adjustments in response to an environment of raw material cost inflation. Group operating profit improved by 48 per cent to $72.2 million, or 42 per cent on a constant currency basis, and operating margins expanded to 18.2 per cent (2010: 13.6 per cent) with both Specialty Products and Chromium showing notable improvements.

Specialty Products

Revenue in Specialty Products increased by 10 per cent to $237.2 million in the first half of 2011 (2010: $215.8 million), or 7 per cent on a constant currency basis. This was a notable achievement because sales in the first half of 2010 benefited from significant customer restocking and was therefore a challenging comparator for the first half of 2011. Against this background, all segments of the business recorded an underlying improvement in sales and the mix of products sold was also improved in a number of areas, as the business continued to emphasise higher value applications, contributing to an expansion in operating margin. Overall pricing improved by just over 4 per cent in response to a general environment of raw material cost inflation.

In coatings additives, sales in North America improved by 15 per cent due to market share gains and a recovery in the decorative paint market. Latin American sales continued to show healthy growth with sales increasing by 17 per cent over the previous year. Sales in Europe increased by 14 per cent, or 9 per cent on a constant currency basis, with good growth in both decorative and industrial coatings although this was somewhat offset by lower volumes sold in southern Europe due to the economic challenges experienced by certain countries. In Asia Pacific sales of additives were 6 per cent higher than in the same period last year. Sales to the oilfield drilling sector continued to benefit from strong growth in shale gas drilling in North America, where Elementis is uniquely positioned to provide technical service and value added products. Sales were 17 per cent higher than in the previous year and strong demand for fluid bed organoclays is being addressed by investment in additional manufacturing capacity at the Charleston, US site. In personal care the business has continued to make good progress following the acquisition of Fancor at the end of 2009. As well as adding a number of high value natural oil products to the portfolio, the acquisition also created a stronger platform for the existing business to grow in North America and, as a result, sales of non-Fancor products in the region

increased by 18 per cent compared to the first half of last year. Excluding the effects of product portfolio rationalisation in the first half of 2010, following the acquisition, personal care sales increased by 6 per cent.

Operating profit for the first six months of 2011 increased by 32 per cent to $49.4 million, or 25 per cent on a constant currency basis, and operating margin improved to 20.8 per cent compared to 17.3 per cent in the same period last year. Product mix improvements together with price increases to address raw material cost inflation had a positive influence on margins. This was further enhanced by the continuing drive for operational excellence in the business, resulting in fixed costs being held at an almost constant level compared to the first half of last year, while sales grew by 10 per cent, leading to positive operating leverage.

Chromium

Revenue in Chromium was $115.1 million in the first half of 2011 compared to $104.5 million in the same period last year, an increase of 10 per cent. Currency movements had no significant influence on sales. The business achieved high capacity utilisation in both periods as global demand for chrome chemicals remained robust in all market segments and geographies. This allowed the business to leverage its strong North American manufacturing base and preferentially supply higher value applications, which contributed to an improvement in margins. Planned plant shutdowns during the first half of 2011 for regular maintenance and conversion of the Castle Hayne, US plant from using fuel oil to natural gas were therefore the main reason that sales volumes were 5 per cent lower than in the equivalent period last year. This in turn led to sales volumes in Asia Pacific being reduced while other key regions remained at a more consistent level compared to the previous year. Prices increased during the period in response to rising raw material and energy costs, such that average selling prices in the current period were 15 per cent higher than the same period last year.

Operating profit in the first half of 2011 was 63 per cent higher than the previous year at $26.2 million (2010: $16.1 million) with no material impact from currency movements. Operating margin improved in the current period to 22.8 per cent compared to 15.4 per cent in the previous year. Energy costs increased by $2.6 million due to price escalation of fuel oil, however, this exposure will be significantly reduced going forward following the conversion of the Castle Hayne plant to use natural gas, which was completed in April 2011. This change is also anticipated to reduce energy costs in the second half of the year by approximately $3 million compared to the first half. Raw material prices increased by up to 20 per cent compared to the first half of 2010, although the average increase during the period was lower due to the timing of when increases came into effect, and were compensated by increases in selling prices. The current period also benefited from an insurance settlement totalling $2.4 million, relating to the recovery of past legal costs.

Surfactants

Surfactants revenue for the first half of 2011 was $51.6 million compared to $43.6 million in the previous year, which is an increase of 18 per cent, or 14 per cent on a constant currency basis. Sales volumes declined by 10 per cent as management continued to implement its strategy of reducing the production of surfactants at the Delden, Netherlands site in favour of higher value additives sold by Specialty Products. Selling prices increased by 15 per cent in response to rising raw material prices and a further 10 per cent was added to sales through shifting the product portfolio to higher value products.

Operating profit was $3.0 million in the first half of 2011 compared to $2.2 million in the previous year. Raw materials, which are mostly petrochemical based, increased in price by as much as 30 per cent between the two periods but was offset by improved selling prices and product mix as referred to above.

Central costs

Central costs are costs that are not identifiable as expenses of a particular business and comprise expenditures of the Board of Directors and Corporate office. Costs for the first half of 2011 were $0.5 million lower than the same period last year, when spending included some one-time costs such as legal fees related to the EU Commission fine.

Net finance costs

Net finance costs in the first half of 2011 were $1.6 million compared to $2.5 million in the previous year. Net interest costs on bank financing were $2.0 million in the current period compared to $1.2 million last year. Although the average level of net debt was approximately 40 per cent lower in the current period, additional margin charges on a new $200 million bank facility signed in July 2010 meant that the overall cost was slightly higher than last year. There was a net interest credit on pension schemes of $1.0 million in the current period compared to a cost of $0.8 million last year, mainly due to a reduction in pension scheme deficits.

Tax

The provision for tax on profits was $22.4 million in the first half of 2011 (2010: $14.0 million) and is based on the likely tax payable in those jurisdictions where taxable profits arise and deferred tax provisions where these are applicable. For the current period the provision was based on an estimated tax rate for the full year of approximately 30 per cent (2010: 30 per cent) plus an adjustment to UK deferred tax for the change in underlying rate of UK corporation tax. The rate is very sensitive to the mix of profits from different jurisdictions. In the first six months of 2011 the majority of the Group's taxable income was generated in the US, where the marginal rate of tax is 40 per cent, and the UK, where the marginal rate is 6 per cent due to the availability of prior year advance corporation tax credits.

Earnings per share

Basic and diluted earnings per share for the first half of 2011, calculated on the reported earnings, before exceptional items, of $48.2 million (2010: $32.2 million), were 10.8 cents and 10.6 cents respectively compared to 7.3 cents and 7.2 cents in the same period last year.

Cash flow

Cash flow is summarised below:

	30 June 2011 $million	30 June 2010 $million
Earnings before interest, tax, exceptionals, depreciation and amortisation (EBITDA)	**82.0**	59.4
Change in working capital	**(15.6)**	(2.6)
Capital expenditure	**(9.7)**	(4.7)
Other	**(0.6)**	0.1
Operating cash flow	**56.1**	52.2
Pension	**(11.9)**	(3.0)
Interest and tax	**(6.3)**	(5.4)
Exceptional items	**(2.5)**	(37.4)
Other	**1.2**	-
Free cash flow	**36.6**	6.4
Dividends	**(11.5)**	(9.5)
Acquisitions and disposals	**-**	1.1
Currency fluctuations	**(0.2)**	-
Movement in net borrowings	**24.9**	(2.0)
Net borrowings at start of period	**(79.3)**	(106.3)
Net borrowings at end of period	**(54.4)**	(108.3)

Group net debt declined by $24.9 million during the period (2010: increased by $2.0 million) as free cash flow improved by $30.2 million to $36.6 million. The significant improvement in earnings in the first half of 2011 led to EBITDA being $22.6 million higher than the same period last year, at $82.0 million, and was therefore a major component of the enhanced free cash flow. Following significant structural improvements in working capital during 2010, the cash outflow related to working capital movements returned to more normal levels in the first half of 2011 with an outflow of $15.6 million (2010: outflow of $2.6 million), which is consistent with the growth in sales reported in the period. Capital spending was $9.7 million compared to $4.7 million in the previous year and the increase is reflective of the previously announced capital projects to expand three plants in Specialty Products and convert Chromium's main US facility to natural gas. Spending in the first half of 2011 was also very close to the Group depreciation charge ($9.8 million) for the period. Pension deficit payments were $11.9 million in the period (2010: $3.0 million) and comprise largely of deficit reduction payments to the Group's US and

UK pension funds. Further comments on the amounts paid are included in the Pensions section of this report. Spending on exceptional items in the current period relates to the previously announced closure of Chromium's Eaglescliffe, UK facility for which full provision was made in 2009. In the same period last year spending was mostly related to payment of the EU commission fine, referred to earlier in this report, which has now been refunded. Finally dividend payments in the period totalled $11.5 million, compared to $9.5 million in the same period last year, reflecting the improved final dividend for 2010 of 2.6 cents per share paid in the period compared to a final dividend for 2009 of 2.2 cents paid last year.

Working capital days	**30 June 2011**	30 June 2010	31 Dec 2010
Inventory	**81**	69	75
Debtors	**48**	51	50
Creditors	**58**	53	60
Average working capital to sales (per cent)	**17.1**	18.3	18.7

Debtor and creditor days both improved compared to the same period last year as a result of the Group's programme to lower working capital levels in all of the businesses. Inventory levels at the end of each period show an increasing trend, but this is somewhat distorted by the timing of chrome ore shipments, which are relatively large and can vary the inventory days measurement by up to 7 days, which is the reason that the current period number is so high. Measuring working capital as the average over the period and comparing it to sales gives a better indication of the underlying trend and, as shown in the table above, demonstrates more effectively the positive influence of the Group's working capital improvement programme.

Balance sheet

	30 June 2011 $million	30 June 2010 $million
Tangible fixed assets	**166.1**	159.2
Other net assets	**307.4**	259.8
	473.5	419.0
Equity	**419.1**	310.7
Net borrowings	**54.4**	108.3
	473.5	419.0
Gearing *	**11%**	26%

* the ratio of net borrowings to equity plus net borrowings

Tangible fixed assets increased reflecting both an acceleration in capital spending and the effects of exchange movements. Within other net assets an increase in working capital of $16.8 million associated with improved trading was more than offset by an increase in net deferred tax liabilities of $25.4 million. Retirement benefit obligations were $47.6 million lower than the comparable period last year due to increased deficit contributions, improved asset returns and the change in liability valuation, whereby deferred pensions are now valued on a basis that considers CPI rather than RPI. Equity increased by $108.4 million driven primarily by earnings offset by dividend payments and also due to net actuarial gains on pension plans. Net borrowings declined due to continued strong cash generation.

The main dollar currency exchange rates in the period were:

	2011 30 June	**2011 Average**	2010 30 June	2010 Average
Sterling	**0.62**	**0.62**	0.67	0.65
Euro	**0.69**	**0.72**	0.81	0.74

The majority of the Group's assets are denominated in US dollars. Profits of overseas operations are translated at average rates in each period and, in the first half of 2011, the average sterling rate and the average euro rate have strengthened by 5 per cent and 4 per

cent respectively against the dollar compared to the same period last year. Currency hedging costs of $0.5 million (2010: credit of $0.1 million) have been allocated to the businesses for segmental reporting and included within administrative expenses in the condensed consolidated income statement.

Pensions and post retirement plans
During the period the deficit on the Group's pension and post retirement medical plans reduced by $10.9 million to $56.5 million, largely as a result of contributions made by Group companies, as valuation variables such as bond yields and inflation expectations remained relatively stable. During the first six months of the year the Group made total deficit contribution payments of $11.9 million (2010: $3.0 million) of which $9.1 million (2010: $2.2 million) was paid to the UK pension scheme. The increase in payments to the UK scheme includes an additional contribution for the year of $3.2 million, paid under the terms of the current funding agreement because the Group exceeded an agreed EBITDA threshold in 2010. For 2011 as a whole, deficit contributions to the UK plan are expected to be approximately $16.0 million compared to $10.6 million in 2010.

Principal risks and uncertainties
The Group has policies, processes and systems in place to help identify, evaluate and manage risks at all levels throughout the organisation. Certain key risks, because of their size, likelihood and/or severity, are reviewed regularly by the senior management team and the Board, to ensure that appropriate action is taken to eliminate, reduce or mitigate, wherever practicable, significant risks that can lead to financial loss, harm to reputation or business failure. The principal risks and uncertainties faced by the Group that could impact the second half of the year can be found in the Company's 2010 Annual report and accounts on pages 15-17, as supplemented by the contingent liability note found on page 20 of this interim report.

Cautionary statement
The Elementis plc interim results announcement for the half year ended 30 June 2011, which is comprised of the Chairman's statement, the Group Chief Executive's report and Finance report (which taken together constitute the Business review or Interim management report) and the interim financial statements and accompanying notes (incorporating a Condensed consolidated balance sheet at 30 June 2011, Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated cash flow statement and Condensed consolidated statement of changes in equity, each for the six months ended 30 June 2011) (altogether 'Half-yearly financial report'), contains information which viewers or readers might consider to be forward looking statements relating to or in respect of the financial condition, results, operations or businesses of Elementis plc. Any such statements involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by any such forward looking statements. Nothing in this Half-yearly financial report should be construed as a profit forecast.

Related party transactions
There were no material related party transactions entered into during the first half of the year and there have been no material changes to the related party transactions disclosed in the Company's 2010 Annual report and accounts on page 81.

Directors' responsibility statements
The directors, all of whom are shown on page 25 of the Company's 2010 Annual report and accounts, confirm that to the best of their knowledge:

- The condensed set of financial statements set-out in this Half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

- The interim management report contained in the Business review in this Half-yearly financial report includes a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in related party transactions described in the 2010 Annual report and accounts that could have a material effect on the financial position or performance of the entity during the first six months of the current financial year.

Approved by the Board on 2 August 2011 and signed on its behalf by:

David Dutro
Group Chief Executive
2 August 2011

Brian Taylorson
Finance Director
2 August 2011

Independent review report to Elementis plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (the 'DTR') of the UK's Financial Services Authority (the 'UK FSA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 - *Interim Financial Reporting* as adopted by the EU.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

M H Thompson
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London
E14 5GL
2 August 2011

Condensed consolidated income statement
for the six months ended 30 June 2011

	Note	**2011 Six months ended 30 June $million**	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Revenue	3	396.0	358.0	697.4
Cost of sales		(248.4)	(229.5)	(445.0)
Gross profit		147.6	128.5	252.4
Distribution costs		(40.7)	(45.3)	(82.8)
Administrative expenses		(34.7)	(34.5)	(67.3)
Operating profit	3	72.2	48.7	102.3
Finance income	4	0.2	0.1	0.4
Finance costs	5	(1.8)	(2.6)	(6.7)
Profit before income tax	3	70.6	46.2	96.0
Tax before exceptionals		(22.4)	(14.0)	(27.7)
Exceptional items		-	-	5.8
Tax	7	(22.4)	(14.0)	(21.9)
Profit for the period		48.2	32.2	74.1
Attributable to equity holders of the parent		48.2	32.2	74.1
Earnings per share				
Basic (cents)	8	10.8	7.3	16.7
Diluted (cents)	8	10.6	7.2	16.5

Condensed consolidated statement of comprehensive income
for the six months ended 30 June 2011

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Profit for the period	**48.2**	32.2	74.1
Other comprehensive income:			
Exchange differences on translation of foreign operations	**4.0**	-	7.3
Actuarial (loss)/gain on pension and other post retirement schemes	**(1.0)**	-	25.3
Deferred tax associated with pension and other post retirement schemes	**(0.6)**	-	3.4
Movement in cash flow hedges	**(1.8)**	0.9	1.4
	0.6	0.9	37.4
Total comprehensive income for the period	**48.8**	33.1	111.5
Attributable to equity holders of the parent	**48.8**	33.1	111.5

Condensed consolidated balance sheet
at 30 June 2011

	2011 30 June $million	2010 30 June $million	2010 31 December $million
Non-current assets			
Goodwill and other intangible assets	**339.5**	333.9	338.1
Property, plant and equipment	**166.1**	159.2	163.1
Deferred tax assets	**4.0**	-	6.7
Interests in associates and other investments	**-**	0.1	-
Total non-current assets	**509.6**	493.2	507.9
Current assets			
Inventories	**112.5**	91.8	102.3
Trade and other receivables	**134.5**	124.9	111.8
Derivatives	**-**	0.6	0.9
Cash and cash equivalents	**63.3**	42.2	40.8
Total current assets	**310.3**	259.5	255.8
Total assets	**819.9**	752.7	763.7
Current liabilities			
Bank overdrafts and loans	**(10.5)**	(3.1)	(7.0)
Trade and other payables	**(110.4)**	(96.9)	(95.3)
Derivatives	**(1.1)**	-	-
Current tax liabilities	**(4.6)**	(5.9)	(4.2)
Provisions	**(8.2)**	(11.6)	(10.3)
Total current liabilities	**(134.8)**	(117.5)	(116.8)
Non-current liabilities			
Loans and borrowings	**(107.2)**	(147.4)	(113.1)
Retirement benefit obligations	**(56.5)**	(104.1)	(67.4)
Deferred tax liabilities	**(61.4)**	(32.0)	(45.5)
Provisions	**(38.0)**	(37.9)	(38.2)
Government grants	**(1.3)**	(1.5)	(1.4)
Total non-current liabilities	**(264.4)**	(322.9)	(265.6)
Total liabilities	**(399.2)**	(440.4)	(382.4)
Net assets	**420.7**	312.3	381.3
Equity			
Share capital	**43.2**	43.2	43.2
Share premium	**12.4**	11.0	11.6
Other reserves	**129.8**	117.7	126.7
Retained earnings	**233.7**	138.8	198.2
Equity attributable to equity holders of the parent	**419.1**	310.7	379.7
Minority equity interests	**1.6**	1.6	1.6
Total equity and reserves	**420.7**	312.3	381.3

Condensed consolidated cash flow statement
for the six months ended 30 June 2011

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Operating activities:			
Profit for the period	**48.2**	32.2	74.1
Adjustments for:			
Finance income	**(1.2)**	(0.1)	(0.4)
Finance costs	**2.8**	2.6	6.7
Tax	**22.4**	14.0	21.9
Depreciation and amortisation	**9.8**	10.6	21.4
Decrease in provisions	**(1.5)**	(0.7)	(0.7)
Pension contributions net of current service cost	**(11.9)**	(3.0)	(18.4)
Share based payments	**0.9**	0.9	2.0
Cash flow in respect of exceptional items	**(2.5)**	(37.4)	(40.7)
Operating cash flows before movements in working capital	**67.0**	19.1	65.9
(Increase)/decrease in inventories	**(8.4)**	9.1	1.7
Increase in trade and other receivables	**(19.6)**	(26.6)	(7.7)
Increase in trade and other payables	**12.4**	14.9	7.9
Cash generated by operations	**51.4**	16.5	67.8
Income taxes paid	**(4.4)**	(4.2)	(5.6)
Interest paid	**(2.2)**	(1.3)	(3.9)
Net cash flow from operating activities	**44.8**	11.0	58.3
Investing activities:			
Interest received	**0.2**	0.1	0.7
Purchase of property, plant and equipment	**(9.9)**	(4.8)	(15.7)
Disposal of property, plant and equipment	**0.3**	0.2	2.1
Proceeds from former owners of an acquired business	**-**	1.1	1.1
Acquisition of intangibles	**(0.1)**	(0.1)	(0.4)
Net cash flow from investing activities	**(9.5)**	(3.5)	(12.2)
Financing activities:			
Issue of shares	**3.4**	-	0.6
Dividends paid	**(11.5)**	(9.5)	(20.0)
Receipt of unclaimed dividends	**-**	-	0.8
Purchase of own shares	**(2.2)**	-	(2.4)
(Decrease)/increase in borrowings	**(3.6)**	16.6	(15.7)
Net cash (used in)/from financing activities	**(13.9)**	7.1	(36.7)
Net increase in cash and cash equivalents	**21.4**	14.6	9.4
Cash and cash equivalents at beginning of period	**40.8**	28.8	28.8
Foreign exchange on cash and cash equivalents	**1.1**	(1.2)	2.6
Cash and cash equivalents at end of period	**63.3**	42.2	40.8

Condensed consolidated statement of changes in equity for the six months ended 30 June 2011

	Share capital $million	Share premium $million	Other reserves $million	Retained earnings $million	Total $million	Minority interest $million	Total equity $million
At 1 January 2011	43.2	11.6	126.7	198.2	379.7	1.6	381.3
Profit for the period	-	-	-	48.2	48.2	-	48.2
Other comprehensive income:							
Exchange differences	-	-	4.0	-	4.0	-	4.0
Movement in cash flow hedges	-	-	(1.8)	-	(1.8)	-	(1.8)
Actuarial loss on pension scheme	-	-	-	(1.0)	(1.0)	-	(1.0)
Deferred tax adjustment on pension scheme deficit	-	-	-	(0.6)	(0.6)	-	(0.6)
Transactions with owners:							
Purchase of own shares	-	-	-	(2.2)	(2.2)	-	(2.2)
Issue of shares	-	0.8	-	2.6	3.4	-	3.4
Share based payments	-	-	0.9	-	0.9	-	0.9
Dividends paid	-	-	-	(11.5)	(11.5)	-	(11.5)
At 30 June 2011	43.2	12.4	129.8	233.7	419.1	1.6	420.7

	Share Capital $million	Share premium $million	Other reserves $million	Retained earnings $million	Total $million	Minority interest $million	Total equity $million
At 1 January 2010	43.2	11.0	116.0	116.1	286.3	1.6	287.9
Profit for the period	-	-	-	32.2	32.2	-	32.2
Other comprehensive income:							
Exchange differences	-	-	-	-	-	-	-
Movement in cash flow hedges	-	-	0.9	-	0.9	-	0.9
Transactions with owners:							
Share based payments	-	-	0.8	-	0.8	-	0.8
Dividends paid	-	-	-	(9.5)	(9.5)	-	(9.5)
At 30 June 2010	43.2	11.0	117.7	138.8	310.7	1.6	312.3

Notes to the interim financial statements for the six months ended 30 June 2011

1 General Information

Elementis plc ('the Company') and its subsidiaries (together, 'the Group') manufactures specialty chemicals. The Group has operations in the US, UK, The Netherlands, Germany, China, Taiwan and Malaysia. The Company is a limited liability company incorporated and domiciled in England, UK and is listed on the London Stock Exchange.

The following amendments to published standards and interpretations are effective for the Group for the half year ended 30 June 2011:

– Amendment to IAS 32, Financial instruments: Presentation: Classification of Rights Issues;

– IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments;

– IAS 24, Related Party Disclosures; and

– Amendment to IFRIC 14, IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group has reviewed the effect of these amendments and interpretations, and has concluded that they have no impact on the condensed set of financial statements in this half-yearly financial report.

This condensed set of financial statements (also referred to as 'interim financial statements' in this announcement) has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2010, except when new or revised accounting standards have been applied.

The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory accounts for that financial year, but are derived from those accounts. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2 Accounting estimates and judgements

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2010.

3 Segment reporting

For management purposes the Group is currently organised into three operating divisions – Specialty Products, Surfactants and Chromium. Principal activities are as follows:

Specialty Products – production of rheological additives, compounded products and colourants.
Surfactants – production of surface active ingredients.
Chromium – production of chromium chemicals.

	Six months ended 30 June 2011			Six months ended 30 June 2010			Year ended 31 December 2010		
	Gross	**Inter-segment**	**External**	Gross	Inter-segment	External	Gross	Inter-segment	External
	$million	**$million**	**$million**	$million	$million	$million	$million	$million	$million
Revenue									
Specialty Products	**237.2**	**-**	**237.2**	215.8	-	215.8	410.8	-	410.8
Surfactants	**51.6**	**-**	**51.6**	43.6	-	43.6	88.1	-	88.1
Chromium	**115.1**	**(7.9)**	**107.2**	104.5	(5.9)	98.6	209.7	(11.2)	198.5
	403.9	**(7.9)**	**396.0**	363.9	(5.9)	358.0	708.6	(11.2)	697.4

All revenues relate to the sale of goods

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Operating profit			
Specialty Products	**49.4**	37.3	71.8
Surfactants	**3.0**	2.2	6.1
Chromium	**26.2**	16.1	35.8
Central costs	**(6.4)**	(6.9)	(11.4)
	72.2	48.7	102.3
Finance income	**0.2**	0.1	0.4
Finance costs	**(1.8)**	(2.6)	(6.7)
Profit before tax	**70.6**	46.2	96.0

4 Finance income

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Interest on bank deposits	**0.2**	0.1	0.4
	0.2	0.1	0.4

5 Finance costs

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Interest on bank loans	**2.2**	1.3	3.7
Expected return on pension scheme assets	**(24.1)**	(21.1)	(42.9)
Interest on pension scheme liabilities	**23.1**	21.9	44.8
Pension and other post-retirement assets	**(1.0)**	0.8	1.9
Unwind of discount on provisions	**0.6**	0.5	1.1
	1.8	2.6	6.7

6 Exceptional items

	2011 Six months ended 30 June $ million	2010 Six months ended 30 June $ million	2010 Year ended 31 December $ million
Deferred tax asset	-	-	5.8
	-	-	5.8

Exceptional items are those which, in management's judgement, need to be disclosed separately by virtue of their size or incidence in order for the reader to obtain a proper understanding of the financial information.

A deferred tax asset was set up in 2010 to recognise the value of historic losses and other tax attributes that are now believed to be of value following an increase in the profitability of the UK based Specialties business.

7 Tax

The provision for tax on profits of $22.4 million (2010: $14.0 million) is based on the likely tax charge in those jurisdictions where profits arise and takes account of the change in the UK tax rate from 28 per cent to 26 per cent.

8 Earnings per share

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Earnings for the purposes of basic earnings per share	**48.2**	32.2	74.1
Exceptional items net of tax	**-**	-	(5.8)
Adjusted earnings	**48.2**	32.2	68.3

	Number(m)	Number(m)	Number(m)
Weighted average number of shares for the purposes of basic earnings per share	**444.5**	443.4	443.5
Effect of dilutive share options	**10.9**	2.9	4.6
Weighted average number of shares for the purposes of diluted earnings per share	**455.4**	446.3	448.1

	2011 Six months ended 30 June cents	2010 Six months ended 30 June cents	2010 Year ended 31 December cents
Earnings per share:			
Basic	**10.8**	**7.3**	16.7
Diluted	**10.6**	**7.2**	16.5
Basic before exceptional items	**10.8**	**7.3**	15.4
Diluted before exceptional items	**10.6**	**7.2**	15.2

9 Dividends

The following dividends were declared and paid by the Group:

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Dividends paid on ordinary shares	**11.5**	**9.5**	20.0

An interim dividend of 2.34 cents per share (2010: 2.34 cents) has been declared by the Board of Directors and will be paid on 7 October 2011 to shareholders on the register at 9 September 2011. As the interim dividend will be paid in pounds sterling, the exchange rate used for the purpose of determining the amount to be paid was $1.6322:£1.00.

10 Pension

The last full valuation for IAS 19 purposes was conducted as of 31 December 2010 and the next full valuation on this basis will be conducted as at 31 December 2011. A high level review of the Group's major pension schemes in the UK and US was performed for the period ending 30 June 2011 using the same methodolgy as the year end exercise but with updated assumptions. This resulted in the Group reporting a deficit on its combined retirement benefit obligations of $56.5 million at the end of June 2011, compared to $104.1 million at the same time last year.

11 Movement in net borrowings

	2011 Six months ended 30 June $million	2010 Six months ended 30 June $million	2010 Year ended 31 December $million
Change in net borrowings resulting from cash flows			
Increase/(decrease) in cash and cash equivalents	**21.4**	14.6	9.3
Decrease/(Increase) in borrowings	**3.6**	(16.6)	16.1
	25.0	(2.0)	25.4
Currency translation differences	**(0.1)**	-	1.6
Decrease/(increase) in net borrowings	**24.9**	(2.0)	27.0
Net borrowings at beginning of period	**(79.3)**	(106.3)	(106.3)
Net borrowings at end of period	**(54.4)**	(108.3)	(79.3)

12 Contingent liabilities

As is the case with other chemical companies, the Group occasionally receives notices of litigation relating to regulatory and legal matters. A provision is recognised when the Group believes it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is deemed that an obligation is merely possible and that the probability of a material outflow is not remote, the Group would disclose a contingent liability.

Elementis LTP Inc. ("LTP") remains a defendant in chromium-related litigation currently pending in the State of Missouri (the "Missouri Litigation"). The Missouri Litigation developed in the following types of cases: (1) approximately 15 cases involving over 180 individual plaintiffs alleging property and/or personal injury; (2) a class action seeking property damages for an unspecified number of putative class members; and (3) a class action seeking medical monitoring damages for putative class members who live in a four county area. Five of the individual plaintiff cases (described in clause (1) above) involving more than 130 individual plaintiffs and the medical monitoring class action (described in clause (3) above) have been voluntarily dismissed. In the cases that remain, the plaintiffs allege exposure to a chromium compound as a result of processes utilised by a tannery in St. Joseph, Missouri that was owned by Prime Tanning, Corp. ("Prime Tanning"). LTP has been named as the procurer of sodium dichromate for another defendant, Wismo Chemical Corp. ("Wismo"). Wismo's facility was located onsite at the tannery and it was in the business of converting sodium dichromate (upon delivery by LTP) into chromium sulphate – a chemical agent that is commonly used in the tanning of hides. Wismo, in turn, sold the chromium sulphate to Prime Tanning. Between 1988 and 2009, 50 per cent of the shares of Wismo were owned by LTP or its affiliates, but such shares were sold to Prime Tanning prior to LTP being named as a defendant in the Missouri Litigation.

Management, after consultation with legal counsel, has concluded that the proceedings are unlikely to be adversely determined against LTP and thus would not reasonably be expected to have a material impact on the Group's financial position. One case is scheduled for trial in 2012.

13 Post balance sheet event

On 1 July 2011 the Company was informed that the European Commission had repealed its decision of 11 November 2009 against the Company and certain of its affiliates imposing fines totalling Euro 23.4 million on Elementis based on a finding that Elementis had participated in two cartels during the 1980s and 1990s.

The Commission repealed that decision after Elementis lodged an appeal with the General Court of the European Union and after that Court affirmed in another case the legal principles invoked by Elementis. The repeal of the decision confirms the Elementis position that the Commission's decision against Elementis had no legal basis.

As a result of the repeal of the decision of 11 November 2009, the European Commission indicated that it would repay to Elementis the full amount of Euro 23.4 million plus interest. The repayment was received on 1 August 2011 and will be accounted for in the second half of 2011.

It is Elementis policy to conduct its business in full compliance with all applicable laws including competition laws.

- ENDS -