Rhodia

Condensed consolidated financial statements

for the nine months ended September 30, 2011

Member of the Solvay group

CONTENTS

A. Consolidated statement of income

(in millions of euros)	Note	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2011*	2010*	2011*	2010*	2010
Net sales	5	**1,670**	1,360	4,790	3,866	**5,226**
Other revenue	5	92	92	279	295	383
Cost of sales		(1,385)	(1,121)	(3,893)	(3,212)	(4,335)
Administrative and selling expenses		(156)	(146)	(470)	(412)	(561)
Research and development expenditure		(24)	(18)	(67)	(58)	(82)
Restructuring costs		1	1	3	(9)	(5)
Other operating income	6	2	-	44	15	41
Other operating expenses	6	(76)	(17)	(101)	(48)	(65)
Operating profit	**5**	**124**	**151**	**585**	**437**	**602**
Finance income	7	28	27	85	77	103
Finance costs	7	(86)	(84)	(233)	(244)	(318)
Foreign exchange gains /(losses)	7	(2)	-	4	5	8
Share of profit/ (loss) of associates		-	(1)	-	(1)	-
Profit before income tax		**64**	**93**	**441**	**274**	**395**
Income tax expense	8	(71)	(34)	(178)	(99)	(128)
Profit/(loss) from continuing operations	5	(7)	59	263	175	267
Profit/(loss) from discontinued operations		(2)	(2)	(4)	(5)	(5)
Net profit/(loss) for the period		**(9)**	**57**	**259**	**170**	**262**
Attributable to:						
Equity holders of Rhodia S.A.		(13)	56	251	168	259
Non-controlling interests		4	1	8	2	3

* Unaudited

B. Consolidated statement of comprehensive income

		Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
(in millions of euros)	**Note**	**2011***	**2010***	**2011***	**2010***	**2010**
Net profit / (loss) for the period		**(9)**	**57**	**259**	**170**	**262**
Currency translation differences and other movements	12	9	(58)	(36)	76	103
Gains/(losses) arising from cash flow hedges of commodities		30	(9)	27	(27)	(12)
Gains/(losses) arising from cash flow hedges of interest rates		6	(20)	7	(14)	17
Gains/(losses) arising from cash flow hedges of foreign currency portfolios		(34)	57	(25)	15	(17)
Deferred tax on cash flow hedges		9	(3)	10	4	2
Actuarial gains/(losses) from retirement benefits and similar obligations	15	(30)	(63)	(15)	(130)	39
Deferred tax on actuarial gains/(losses)		9	2	9	13	3
Other comprehensive income		**(1)**	**(94)**	**(23)**	**(63)**	**135**
Total comprehensive income for the period		**(10)**	**(37)**	**236**	**107**	**397**
Attributable to:						
Equity holders of Rhodia S.A.		(18)	(37)	224	103	391
Non-controlling interests		8	-	12	4	6

* Unaudited

C. Consolidated balance sheet

Assets

(in millions of euros)	Note	At September 30, 2011*	At December 31, 2010
Property, plant and equipment		1,576	1,560
Goodwill	10	418	420
Other intangible assets		329	328
Investments in associates		12	12
Other non-current financial assets		143	135
Deferred tax assets		134	168
Non-current assets		**2,612**	**2,623**
Inventories		806	627
Income tax receivable		18	29
Trade and other receivables		1,021	910
Derivative financial instruments		156	90
Other current financial assets		20	34
Cash and cash equivalents	11	976	782
Assets classified as held for sale	9	35	36
Current assets		**3,032**	**2,508**
TOTAL ASSETS		**5,644**	**5,131**

* Unaudited

Equity / (deficit) and liabilities

(in millions of euros)	Note	At September 30, 2011*	At December 31, 2010
Share capital	12	106	105
Additional paid-in capital	12	1,336	1,290
Other reserves	12	271	303
Accumulated deficit	12	(1,797)	(2,006)
Equity/(deficit) attributable to equity holders of Rhodia S.A.		**(84)**	**(308)**
Non-controlling interests		30	20
Total equity / (deficit)		**(54)**	**(288)**
Borrowings	13	1,473	1,672
Retirement benefits and similar obligations	15	1,410	1,419
Provisions		335	425
Deferred tax liabilities		51	62
Other non-current liabilities		77	27
Non-current liabilities		**3,346**	**3,605**
Borrowings	13	603	338
Derivative financial instruments		145	94
Retirement benefits and similar obligations	15	87	91
Provisions		184	132
Income tax payable		56	40
Trade and other payables		1,271	1,113
Liabilities associated with assets classified as held for sale	9	6	6
Current liabilities		**2,352**	**1,814**
TOTAL EQUITY / (DEFICIT) AND LIABILITIES		**5,644**	**5,131**

* Unaudited

D. Consolidated statement of cash flows

(in millions of euros)	Nine months ended September 30,		Year ended December 31,
	2011*	**2010***	**2010**
Net profit for the period attributable to equity holders of Rhodia S.A.	**251**	**168**	**259**
Adjustments for:			
Non-controlling interests	8	2	3
Depreciation and impairment of non-current assets	213	207	277
Net increase/(decrease) in provisions	(37)	(2)	(24)
Impairment of non-current financial assets	(1)	2	3
Share of profit/(loss) of associates	-	1	-
Other income and expenses	36	49	63
(Gain)/loss on disposal of non-current assets	(28)	(6)	(9)
Deferred tax expense/(income)	33	12	26
Foreign exchange losses/(gains)	(6)	(1)	4
Net cash flow from operating activities before changes in working capital	**469**	**432**	**602**
Changes in working capital			
- (Increase)/decrease in inventories	(193)	(78)	(111)
- (Increase)/decrease in trade receivables	(106)	(88)	(83)
- Increase/(decrease) in trade payables	130	90	65
- Increase/(decrease) in other current assets and liabilities	95	52	21
Net cash flow from operating activities before margin calls	**395**	**408**	**494**
Margin calls (1)	7	5	9
Net cash flow from operating activities	**402**	**413**	**503**
Purchases of property, plant and equipment	(219)	(143)	(234)
Purchases of other non-current assets	(25)	(26)	(36)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	26	8	8
Purchases of entities, net of cash acquired	(8)	(1)	(276)
(Purchases)/repayments of loans and financial investments	14	56	56
Net cash flow used by investing activities	**(212)**	**(106)**	**(482)**
Proceeds from issued shares, net of costs	8	38	38
Treasury share purchase costs	(6)	-	-
Dividends paid	(13)	(20)	(19)
New non-current borrowings, net of costs	16	810	811
Repayments of non-current borrowings, net of costs	(77)	(514)	(822)
Net increase/(decrease) in current borrowings	99	22	36
Net cash flow from financing activities	**27**	**336**	**44**
Effect of foreign exchange rate changes	**(23)**	**17**	**26**
Net increase in cash and cash equivalents	**194**	**660**	**91**
Cash and cash equivalents at the beginning of the period	782	691	691
Cash and cash equivalents at the end of the period	976	1,351	782

(1) The margin call agreements are standardized credit risk reduction contracts, which are concluded with the clearing house of an organized market or bilaterally by private contract with a counterparty.

* Unaudited

E. Consolidated statement of changes in equity

(in millions of euros)	Share capital	Additional paid-in capital	Other reserves: Hedge reserve	Other reserves: Translation reserve	Other reserves: Legal reserve	Other reserves: Treasury shares	Accumulated deficit	Total	Non-controlling interests	Total
At January 1, 2011	**105**	**1,290**	**(5)**	**256**	**58**	**(6)**	**(2,006)**	**(308)**	**20**	**(288)**
Dividends	1	40	-	-	-	-	(52)	**(11)**	(2)	**(13)**
Share capital increase	-	6	-	-	-	-	-	**6**	-	**6**
Total comprehensive income	-	-	9	(40)	-	-	255	**224**	12	**236**
Other changes (1)	-	-	-	-	-	(1)	6	**5**	-	**5**
At September 30, 2011*	**106**	**1,336**	**4**	**216**	**58**	**(7)**	**(1,797)**	**(84)**	**30**	**(54)**

(1) Including free shares and stock options for €10.3 million.

(in millions of euros)	Share capital	Additional paid-in capital	Other reserves: Hedge reserve	Other reserves: Translation reserve	Other reserves: Legal reserve	Other reserves: Treasury shares	Accumulated deficit	Total	Non-controlling interests	Total
At January 1, 2010	**1,213**	**138**	**7**	**156**	**58**	**(8)**	**(2,299)**	**(735)**	**16**	**(719)**
Dividends	-	6	-	-	-	-	(25)	**(19)**	(1)	**(20)**
Share capital increase / (decrease)	(1,109)	1,146	-	-	-	-	-	**37**	-	**37**
Total comprehensive income	-	-	(26)	74	-	-	55	**103**	4	**107**
Other changes (2)	-	-	-	-	-	2	11	**13**	-	**13**
At September 30, 2010*	**104**	**1,290**	**(19)**	**230**	**58**	**(6)**	**(2,258)**	**(601)**	**19**	**(582)**

(2) Including free shares and stock options for €6.8 million.

* Unaudited

F. Notes to the condensed consolidated financial statements

1. General information

Rhodia S.A. and its subsidiaries ("Rhodia" or the "Group") produce, market and develop chemicals. Rhodia is the partner of major players in the automotive, tire, electronics, perfume, health & beauty and home care markets.
Rhodia has offices worldwide and specifically in Europe, the United States, Brazil and Asia.
Rhodia S.A. is a public limited company registered and domiciled in France. Its registered office is located at Paris–La Défense.
The Company was listed on Euronext Paris until September 16, 2011. The Company is now held by Solvay Group.

2. Significant events

On August 31, 2011, the French financial markets authority (AMF) published the results of the tender offer initiated by Solvay on the Rhodia Shares and OCEANEs, which show that 94.25% of Rhodia's share capital and voting rights has been tendered, in addition to 97.51% of the outstanding OCEANEs.

Taking into account the 907,604 own shares held by Rhodia (0.85% of the share capital), the number of Rhodia shares that have not been tendered represents 4.89% of the share capital and voting rights. The number of shares that can be created by converting the non-tendered OCEANEs, when added to the non-tendered shares, represents 4.63% of the share capital and voting rights of Rhodia, on a diluted OCEANE basis.

On this basis and in accordance with the intentions stated in the offer document, Solvay decided to implement a squeeze-out procedure for the shares and the OCEANEs of Rhodia not tendered to the offer. The Rhodia shares and the Rhodia OCEANEs have been delisted on September 16, 2011, the date on which the squeeze-out has been implemented.

At September 30, 2011, the Solvay Group holds more than 99% of the share capital of Rhodia S.A.

3. Principal accounting methods

3.1. Accounting standards

Rhodia prepared its condensed consolidated financial statements on a quarterly basis, in accordance with IAS 34, *Interim financial reporting*. They do not include all the information required for the preparation of the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2010, as included in the Registration Document filed by Rhodia with the AMF on March 23, 2011.

3.2. Basis of preparation for the condensed consolidated financial statements

The condensed consolidated financial statements for the nine months ended September 30, 2011 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2010.
The standards, interpretations and amendments adopted by the European Union at September 30, 2011 and their mandatory adoption in 2011 had no impact on the condensed consolidated financial statements for the nine months ended September 30, 2011.
In addition, according to the Group, the standards, interpretations and amendments already adopted by the European Union but not yet applicable will have no impact on the financial statements.

The condensed consolidated financial statements are presented in euros and rounded to the nearest million unless otherwise indicated.

3.3. Estimates

The preparation of financial statements requires the use of estimates and the formulation of judgments and assumptions that have an impact on the application of accounting methods and the amounts shown in the financial statements.

For the preparation of the condensed consolidated financial statements, management made estimates and formulated judgments and assumptions for the same items as those used for the preparation of the consolidated financial statements for the year ended December 31, 2010, except with respect to the following:

- Income tax expense

For interim period-ends, the income tax expense is calculated, for each Group tax entity, by applying the estimated average effective tax rate for the current year to the pre-tax profit or loss for the interim period. This tax rate is calculated by taking into account previously unrecognized deferred tax assets, whose recovery is deemed probable. This probability is estimated according to the same criteria as those applied to annual period-ends.

- Retirement benefits and similar obligations

For interim period-ends, retirement benefits and similar obligations are calculated pro rata to the projected annual charges provided in the actuarial assessments performed at the previous period-end. These assessments are modified in the event of any significant change in market conditions compared to the previous year or curtailments, settlements or any other material one-off events.

Notes to the consolidated statement of income

4. Seasonality effects

The Group's activity and operating results for the nine months ended September 30, 2011 were not of a seasonal or cyclical nature compared to the activity and operating results for the entire year.

5. Segment information

The following information concerns continuing operations.

On October 4, 2010, Rhodia announced its reorganization into 11 new operating segments, grouped within 5 clusters, in order to support the Group's growth. This new organization was reflected in internal reporting as from January 1, 2011.

Rhodia's five clusters are as follows:

Consumer Chemicals primarily serves the consumer products markets. Its strategy is based on the development of an offering suited to the major trends of these markets, particularly demographic growth, the appearance of new modes of consumption depending on the regions and, in general, the demand for products offering better protection of human health and the environment, and the development of products from renewable resources.

Advanced Materials are intended for high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this cluster, greater than the organic growth of the markets served, is driven by the stakes tied to sustainable development.

Polyamide Materials brings together the polyamide chain activities. Their advantages stem from the integrated polyamide 6.6 production line, their leading position in the most profitable sectors and excellent competitiveness. The automobile industry is one of their major markets with solutions responding to the stakes of sustainable mobility.

Acetow & Eco Services operate in very specific, mature and stable markets, where partnerships with customers are built on reliability, quality of service and dependable supply.

Energy Services relies on its expertise in energy optimization and the reduction of CO_2 emissions to develop "Climate Care" solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
Quarter ended September 30, 2011*							
Net sales	624	272	479	219	50	32	**1,676**
Other revenue	6	-	18	4	95	10	**133**
Inter-company sales – Net sales	(1)	(3)	(3)	-	-	1	**(6)**
Inter-company sales – Other revenue	(1)	-	(2)	(1)	(35)	(2)	**(41)**
External net sales	**623**	**269**	**476**	**219**	**50**	**33**	**1,670**
External other revenue	5	-	16	3	60	8	**92**
Operating profit	**62**	**81**	**30**	**32**	**32**	**(113)**	**124**
Profit/(loss) from financial items							**(60)**
Income tax expense							**(71)**
Profit / (loss) from continuing operations							**(7)**
Recurring EBITDA (1)	**82**	**87**	**52**	**49**	**37**	**(34)**	**273**

* Unaudited

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
Quarter ended September 30, 2010*							
Net sales	483	139	451	209	54	29	**1,365**
Other revenue	7	1	23	5	94	5	**135**
Inter-company sales – Net sales	(2)	(1)	(3)	-	-	1	**(5)**
Inter-company sales – Other revenue	(2)	-	(3)	(1)	(38)	1	**(43)**
External net sales	**481**	**138**	**448**	**209**	**54**	**30**	**1,360**
External other revenue	5	1	20	4	56	6	**92**
Operating profit	**53**	**18**	**51**	**43**	**36**	**(50)**	**151**
Share of profit/(loss) of associates						(1)	**(1)**
Profit/(loss) from financial items							**(57)**
Income tax expense							**(34)**
Profit from continuing operations							**59**
Recurring EBITDA (1)	**72**	**28**	**71**	**56**	**40**	**(32)**	**235**

* Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate & Other" mainly corresponds to the Salicylic businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other clusters and mainly comprises internal and third-party industrial service sales. In addition to the net profit from these activities, operating profit comprises the expenses of the Group's Corporate functions and departments, other operating income and expenses mainly relating to the environment and disposal gains and losses (see Note 6).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
Nine months ended September 30, 2011*							
Net sales	1,834	673	1,396	640	164	107	**4,814**
Other revenue	17	3	58	11	285	27	**401**
Inter-company sales – Net sales	(3)	(7)	(8)	-	-	(6)	**(24)**
Inter-company sales – Other revenue	(1)	-	(6)	(3)	(107)	(5)	**(122)**
External net sales	**1,831**	**666**	**1,388**	**640**	**164**	**101**	**4,790**
External other revenue	16	3	52	8	178	22	**279**
Operating profit	**222**	**189**	**119**	**108**	**118**	**(171)**	**585**
Profit/(loss) from financial items							**(144)**
Income tax expense							**(178)**
Profit from continuing operations							**263**
Recurring EBITDA (1)	**274**	**211**	**182**	**148**	**131**	**(93)**	**853**

* Unaudited

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
Nine months ended September 30, 2010*							
Net sales	1,401	389	1,267	588	137	97	**3,879**
Other revenue	19	3	74	12	295	20	**423**
Inter-company sales – Net sales	(4)	(2)	(6)	-	-	(1)	**(13)**
Inter-company sales – Other revenue	(5)	-	(9)	(3)	(110)	(1)	**(128)**
External net sales	**1,397**	**387**	**1,261**	**588**	**137**	**96**	**3,866**
External other revenue	14	3	65	9	185	19	**295**
Operating profit	**168**	**54**	**130**	**100**	**114**	**(129)**	**437**
Share of Profit/(loss) of associates							**(1)**
Profit/(loss) from financial items							**(162)**
Income tax expense							**(99)**
Profit from continuing operations							**175**
Recurring EBITDA (1)	**217**	**80**	**189**	**148**	**120**	**(72)**	**682**

* Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate & Other" mainly corresponds to the Salicylic businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other clusters and mainly comprises internal and third-party industrial service sales. In addition to the net profit from these activities, operating profit comprises the expenses of the Group's Corporate functions and departments, other operating income and expenses mainly relating to the environment and disposal gains and losses (see Note 6).

6. Other operating income and expenses

(in millions of euros)	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011*	2010*	2011*	2010*	2010
Gains on disposals of non-current assets	1	-	31	5	11
Other operating income	1	-	13	10	30
Other operating income	**2**	**-**	**44**	**15**	**41**
Losses on disposals of non-current assets	-	-	-	-	(1)
Environmental expenses	(34)	(14)	(47)	(30)	(35)
Other operating expenses	(42)	(3)	(54)	(18)	(29)
Other operating expenses	**(76)**	**(17)**	**(101)**	**(48)**	**(65)**

* Unaudited

At September 30, 2011, the disposal gains mainly comprise the proceeds on disposal of Rhodia's minority interest in Novacap. At September 30, 2010, they were mainly impacted by the sale of the Mississauga site (Canada).

At September 30, 2011, other operating income mainly related to the final payment linked to the compensation received following Rhodia's eviction from the Wuxi site. This compensation was granted by the Wuxi municipality in 2008 and paid to Rhodia according to a pre-defined timetable until the eviction date. It was recorded in profit or loss as and when the payments were received. Other operating income also comprised the changes in fair value of derivatives not qualified as hedges for operating items, as was the case in the first nine months of 2010.

At September 30, 2011, other operating expenses mainly comprise the expenses related to Solvay's tender offer. They also comprise the expenses related to the Orbeo activities, as noted for the first nine months of 2010.

Environmental expenses are analyzed in Note 16.

7. Profit/(loss) from financial items

	Quarter ended September 30,		Nine month ended September 30,		Year ended December 31,
(in millions of euros)	2011 *	2010 *	2011*	2010*	2010
Gross interest expense on borrowings	(31)	(28)	(93)	(82)	(114)
Income from cash equivalents	6	5	17	13	19
Expenses on financial transactions	(17)	(16)	(23)	(47)	(49)
Discounting charges	(34)	(39)	(111)	(113)	(152)
Expected return on pension plan assets	19	21	60	60	79
Foreign exchange gains	(2)	0	4	5	8
Proceeds from available-for-sale financial assets	0	1	1	2	2
Other	(1)	(1)	1	0	-
Profit/(loss) from financial items	**(60)**	**(57)**	**(144)**	**(162)**	**(207)**
Of which:					
Finance costs	*(86)*	*(84)*	(233)	(244)	*(318)*
Finance income	*28*	*27*	85	77	*103*
Foreign exchange gains	*(2)*	*0*	4	5	*8*

* Unaudited

Expenses on financial transactions for the nine months ended September 30, 2011 include €(12) million relating to the redemption of the "*Floating Rate Note*", including €(10.5) million related to the derecognition of the interest rate hedge swaps (see Note 13).

Expenses on financial transactions for the nine months ended September 30, 2010 included €(37) million relating to refinancing operations (see Note 13), of which €(26) million related to the derecognition of interest rate hedge swaps.

8. Income tax

At September 30, 2011, the income tax expense amounted to €(178) million (compared to €(99) million at September 30, 2010), for an income from continuing operations before tax of €441 million (compared to €274 million at September 30, 2010).

(in millions of euros)	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011 *	**2010 ***	**2011***	**2010***	**2010**
Current income tax expense	(61)	(37)	(145)	(95)	(111)
Deferred tax expense	(10)	3	(33)	(4)	(17)
Income tax expense for the period	**(71)**	**(34)**	**(178)**	**(99)**	**(128)**

* Unaudited

The income tax expense mainly corresponds to the income tax reported by Asian, US, Brazilian and French entities.

The increase of the current income tax expense is partly due to the change in the French tax regulations with retroactive effect to fiscal year 2011, where the tax losses carried forward are limited to € 1 million, plus 60% of the additional taxable income.

Management has not modified its estimate regarding the probability of recovering the deferred tax assets relating to the French and British tax groups. Thus, no new deferred tax asset was recorded for the first nine months of 2011.

9. Assets held for sale and associated liabilities

(in millions of euros)	At September 30, 2011*	At December 31, 2010
Property, plant and equipment	15	17
Goodwill	1	1
Intangible assets	2	2
Inventories	13	13
Trade and other receivables	4	3
Assets classified as held for sale	**35**	**36**
Other non-current liabilities	2	2
Trade and other payables	4	4
Liabilities associated with assets classified as held for sale	**6**	**6**

* Unaudited

Assets classified as held for sale and the associated liabilities mainly concern the disposal of the Salicylic businesses.

The divestment to Novacap was signed in July 2011 and the transaction was finalized on October 31, 2011. Salicylates, which are used as active ingredients in the pharmaceutical industry (aspirin, acetaminophen) or as synthesis intermediates (salicylic acid, methyl salicylate), represent the last pharmaceutical chemistry business remaining within the Group. The Group’s salicylic and acetaminophen activities, whose principal production sites are located in France (Saint-Fons, Roussillon), Thailand (Bangpoo), China (Wuxi) and Brazil (Paulinia), employ approximately 390 people.

Notes to the consolidated balance sheet

10. Goodwill

10.1. Cluster breakdown

(in millions of euros)	At September 30, 2011*	At December 31, 2010
Consumer Chemicals	339	342
Advanced Materials	30	30
Polyamide Materials	10	9
Acetow & Eco Services	39	39
Total	**418**	**420**

* Unaudited

The reorganization of Rhodia on January 1, 2011 did not result in any reallocation of goodwill.

10.2. Movements during the period

(in millions of euros)	Gross value	Impairment	Net value
At January 1, 2011	**440**	**(20)**	**420**
Currency translation differences	(3)	1	(2)
At September 30, 2011*	**437**	**(19)**	**418**

* Unaudited

On April 14, 2011, Rhodia completed the acquisition of the engineering plastics business of Indian company PI Industries Ltd (PIIL), after receiving approval from the country's authorities. Rhodia Polymers & Specialties India Private Ltd is the name of the legal entity created to host Rhodia's newly integrated assets, including one industrial facility based in Panoli (Gujarat state), R&D capabilities, as well as a logistics network in India. The goodwill generated by this acquisition amounted to €1 million.

In the first nine months of 2011, the goodwill regarding the acquisition of Feixiang Chemicals in November 2010 was adjusted, amounting to €190 million at September, 30, 2011, after a conversion effect in the amount of €(2) million.

11. Cash and cash equivalents

11.1. Analysis by type

(in millions of euros)	At September 30, 2011*	At December 31, 2010
Cash in banks	269	178
Cash equivalents	707	604
Total	**976**	**782**

* Unaudited

11.2. Consolidated statement of cash flows

In the first nine months of 2011, discontinued operations contributed to net cash flow from operating activities in the amount of €(2) million. They did not contribute to net cash flow used by investing activities and net cash flow from financing activities.

Paid interest costs, net of interest received (including impact of interest rate hedging), totaled €55 million in the first nine months of 2011.

Income taxes paid totaled around €116 million in the first nine months of 2011.

12. Equity

12.1. Share capital and additional paid-in capital

At September 30, 2011, Rhodia's share capital totaled €106,411,910, comprising 106,411,910 shares, each with a par value of €1.
At September 30, 2011, the exercise of share subscription options resulted in the issue of 354,719 shares, and the option of share dividend payments gave rise to the issue of 1,486,223 new shares.

12.2. Dividends

As decided by shareholders at the General Meeting on May 18, 2011, Rhodia S.A. paid out dividends totaling €52 million (€0.50 per share), with respect to the 2010 financial year.

12.3. Translation reserve

The €(40) million movement in the translation reserve for the first nine months of 2011 is primarily attributable to the appreciation of the euro against the US dollar and the Brazilian real.

12.4. Treasury shares

During the first nine months of 2011, Rhodia exercised treasury share purchase options for 1,010,000 shares.
Following the grant of free shares and stock options to the beneficiaries, the number of treasury shares amounts to 879,894 shares at September 30, 2011.

12.5. Other movements

During the first half of 2011, the Rhodia Board of Directors approved new free share allotment plans subject to conditions governing Rhodia's performance and the continued employment of the beneficiaries (see Note 18).
These plans were approved on February 22, 2011 and May 4, 2011, for respectively 224 beneficiaries (2 x 388,650 shares) and 11 beneficiaries (2 x 20,400 shares).

13. Borrowings

Breakdown of borrowings by type:

At September 30, 2011*					
(in millions of euros)	Amount at amortized cost (1)	Redemption value (2)	Amount at fair value (3)	Maturity	Effective rates before hedging (4) - (5)
Bilateral credit facilities	107	107	107	2012	4% -15%
Securitization of receivables	210	210	210	2011	2.38%
Other debts	20	20	20	2011	0% -9.5%
2006 EUR senior notes	229	229	229	10/15/2013	Euribor 3M + 2.75%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Accrued interest payable	22	22	22	-	-
Sub-total short term	**603**	**603**	**603**		
2010 EUR senior notes	492	500	587	05/15/2018	7%
2010 USD senior notes	291	296	330	09/15/2020	6.875%
OCEANE	594	647	647	01/01/2014	6.29%
Bilateral credit facilities	37	37	37	2012-2014	4% - 11%
Finance lease debts	4	4	4	2012-2019	3.56% - 11.25%
Other debts	55	55	55	2011-2018	<5%
Sub-total long term	**1,473**	**1,539**	**1,660**		
Total	**2,076**	**2,142**	**2,263**		

* Unaudited

(1) The amortized cost of the OCEANE is determined after separate recognition in equity of the share conversion option for €124 million.
(2) The amount shown for the OCEANE corresponds to the price paid by Solvay.
(3) Senior notes and the OCEANE are measured on the last day of the period. The redemption price was adopted for other borrowings.
(4) Effective interest rate before impact of hedges.
(5) Libor/Euribor are mainly 1, 3 or 6 months.

On September 30, 2011, Rhodia exercised its option to fully repay the “Floating Rate Note” for a nominal amount of €229 million.
With a one-month notice period, the reimbursement will be effective as of October 30, 2011.

At December 31, 2010					
(in millions of euros)	Amount at amortized cost (1)	Redemption value (2)	Amount at fair value (3)	Maturity	Effective rates before hedging (4) - (5)
Bilateral credit facilities	227	227	227	2011	4% - 11%
Securitization of receivables	66	66	66	2011	2.96%
Other debts	4	4	4	2011	<5%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Accrued interest payable	26	26	26	-	-
Sub-total short term	**338**	**338**	**338**		
2006 EUR senior notes	227	229	229	10/15/2013	Euribor 3M + 2.75%
2010 EUR senior notes	491	500	505	05/15/2018	7%
2010 USD senior notes	294	300	315	09/15/2020	6.875%
OCEANE	569	595	608	01/01/2014	6.29%
Bilateral credit facilities	31	31	31	2012-2014	4% - 11%
Finance lease debts	5	5	5	2012-2019	3.56% - 11.25%
Other debts	55	55	55	2012-2018	< 5%
Sub-total long term	**1,672**	**1,715**	**1,748**		
Total	**2,010**	**2,053**	**2,086**		

(1) The amortized cost of the OCEANE is determined after separate recognition in equity of the share conversion option for €124 million.
(2) The amount shown for the OCEANE corresponds to the principal excluding the 13.22% redemption premium.
(3) Senior notes and the OCEANE are measured on the last day of the year. The redemption value was adopted for other borrowings.
(4) Effective interest rate before impact of hedges.
(5) Libor/Euribor are mainly 1, 3 or 6 months.

14. Financial risk management

14.1. Liquidity risk management

At September 30, 2011, Rhodia's liquidity position amounted to €1,562 million, compared to €1,324 million at December 31, 2010. This liquidity position included an undrawn credit line of €576 million in connection with Rhodia's syndicated credit facility ("RCF").

The continuation of the RCF syndicated credit facility is subject to compliance with certain financial covenants which are tested on a half-yearly basis.

In addition, Rhodia has no significant short-term or non-renewable credit lines.

14.2. UCITS and financial instrument risk management

Rhodia's short-term investments and interest rate and currency swaps are mostly concluded with banks or financial institutions rated as Investment Grade by S&P and Moody's.

In addition, most of these transactions, as well as those with a maturity of more than one year, are carried out with counterparties respectively rated by these agencies as equal or greater than BBB and Baa2 (September 30, 2011 ratings).

15. Post employment & other long-term employee benefits

Post employment and other long-term employee benefits liabilities recognized in the balance sheet amount to €1,497 million at September 30, 2011, compared to €1,510 million at December 31, 2010.

The decrease is mainly explained by the following changes:

Discount rates	**At December 31, 2010**	**At September 30, 2011**
Euro Zone (excluding France)	4.5%	4.5%
France	4.5%	4.75%
UK	5.40%	5.25%
US	5%	5%
Brazil	10.56%	10.56%
Inflation rates		
UK	3.30%	2.90%

At September 30, 2011, the actuarial gains and losses recognized in other comprehensive income amounted to €(15) million, and correspond to a €46 million net positive impact from changes in assumptions.

16. Environmental provisions

At September 30, 2011, environmental provisions amounted to €291 million, compared to €271 million at December 31, 2010. The increase is mainly due to:

- The change in interest rates compared with December 31, 2010, determined jointly with Solvay (+€13 million);
- The alignment with the Solvay valuation methodology (+€ 11 million).

The discount rates used at September 30, 2011, determined by geographical area, based on risk-free interest rates (government bonds) and excluding inflation, are as follows:

<table>
<tr><th></th><th>At December 31, 2010</th><th>At September 30, 2011</th></tr>
<tr><td>France</td><td>1.30%</td><td rowspan="2">2%</td></tr>
<tr><td>Europe (Excluding France & UK)</td><td>0.90%</td></tr>
<tr><td>UK</td><td>5 years: 0.2%
20 years: 2.10%</td><td>0.20%</td></tr>
<tr><td>North America</td><td>1.30%</td><td>0%</td></tr>
<tr><td>Brazil</td><td>5.80%</td><td>6%</td></tr>
</table>

At September 30, 2011, there were no significant movements in contingent environmental liabilities, estimated at €197 million at December 31, 2010.

17. Claims and litigation

During the nine months period ended September 30, 2011, there were no new legal disputes nor significant developments in litigation existing at December 31, 2010, except the following:

With respect to the Valauret litigation, Valauret has decided to contest the decision of the Court of Appeal of Versailles dated May 12, 2010 before the Cour de cassation but only regarding the awarding of damages to Mr. Nanot and Mr. Clamadieu. Consequently, this litigation must be considered as definitely closed with respect to Rhodia.

With respect to the Securities and Exchange Board of India (SEBI) litigation, in the context of Solvay's public offer over Rhodia, Solvay and SEBI reached an agreement to settle the case through a Solvay/Rhodia joint offer for 27% of the shares of Rhodia Specialty Chemicals India Limited.

18. Share-based payment

In the first half of 2011, the Board of Directors approved two new free share allotment plans, subject to Group performance criteria and the continued employment of the beneficiaries. These plans are measured at fair value on the grant date and have the same performance criteria. They have the following characteristics:

		A Plans		B Plans	
		"2+2"	"4+0"	"2+2"	"4+0"
Plans granted February 24, 2011	Number of shares	274,350	114,300	274,350	114,300
	Number of beneficiaries	130	94	130	94
	Grant date	February 24, 2011			
	Vesting date	Minimum March 31, 2013	Minimum March 31, 2015	Minimum March 31, 2013	Minimum March 31, 2015
	Holding period	Minimum March 31, 2015	-	Minimum March 31, 2015	-
Plans granted May 13, 2011	Number of shares	17,100	3,300	17,100	3,300
	Number of beneficiaries	8	3	8	3
	Grant date	May 13, 2011			
	Vesting date	Minimum May 4, 2013	Minimum May 4, 2015	Minimum May 4, 2013	Minimum May 4, 2015
	Holding period	Minimum May 4, 2015	-	Minimum May 4, 2015	-
Validation of vesting conditions		Board of Directors			
Performance criteria		For the first half (50%) of shares assigned: % of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2011 For the second half (50%) of shares assigned: % of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2012		For the first half (50%) of shares assigned: Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2011, exceeding by 2 points the average ratio of a panel of competitors For the second half (50%) of shares assigned: Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2012, exceeding by 2 points the average ratio of a panel of competitors	

Following the takeover of Rhodia by Solvay on September 7, 2011, the performance conditions, the achievement of which could not be ascertained on the date of change of control, have been considered as satisfied. This applies to the free share plans granted in 2010 and 2011.

The share-based payment expense (IFRS 2) relating to all free share plans and stock options at September 30, 2011 totaled €10.3 million (€6.8 million at September. 30, 2010), including €3.4 million for the new plans granted in 2011.

19. Subsequent events

On October 31, 2011, Rhodia closed the sale of its salicylic and acetaminophen activities to Novacap (see Note 9).