

Rhodia

**Condensed consolidated
financial statements**

for the half-year ended June 30, 2012



CONTENTS

- A. CONSOLIDATED STATEMENT OF INCOME 3**
- B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 4**
- C. CONSOLIDATED BALANCE SHEET 5**
- D. CONSOLIDATED STATEMENT OF CASH FLOWS 6**
- E. STATEMENT OF CHANGES IN EQUITY 6**
- F. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 6**
 - 1. GENERAL INFORMATION 6
 - 2. PRINCIPAL ACCOUNTING METHODS 6
 - 3. UNUSUAL ITEMS WITH AN IMPACT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 6
 - 4. SEASONALITY EFFECTS 6
 - 5. SEGMENT INFORMATION 6
 - 6. RESTRUCTURING COSTS 6
 - 7. NON-RECURRING INCOME AND EXPENSES 6
 - 8. PROFIT/(LOSS) FROM FINANCIAL ITEMS 6
 - 9. INCOME TAX 6
 - 10. CASH AND CASH EQUIVALENTS 6
 - 11. EQUITY 6
 - 12. BORROWINGS 6
 - 13. FINANCIAL RISK MANAGEMENT 6
 - 14. RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS 6
 - 15. ENVIRONMENTAL PROVISIONS 6
 - 16. CLAIMS AND LITIGATION 6
 - 17. SHARE-BASED PAYMENT 6
 - 18. SUBSEQUENT EVENTS 6

A. Consolidated statement of income

(in millions of euros)	Note	Quarter ended June 30,		Half-year ended June 30,		Year ended
		2012*	2011*	2012*	2011	December 31, 2011
Net sales	5	1,624	1,505	3,149	2,895	5,862
Other revenue	5	97	77	207	186	367
Cost of sales		(1,326)	(1,196)	(2,628)	(2,335)	(4,835)
Administrative and selling expenses		(156)	(156)	(313)	(302)	(608)
Research and development expenditure		(25)	(21)	(50)	(42)	(91)
Other operational gains and losses		9	2	5	6	5
Earning from associates		-	-	1	-	1
Restructuring costs	6	(1)	1	(10)	1	3
Non-recurring income	7	1	6	1	37	91
Non-recurring expenses	7	(5)	(17)	(10)	(24)	(89)
Operating profit		218	201	352	422	706
Finance income	8	28	27	54	54	113
Finance costs	8	(64)	(70)	(122)	(136)	(360)
Profit before income tax		182	158	284	340	459
Income tax expense	9	(60)	(57)	(98)	(98)	(146)
Profit from continuing operations	5	122	101	186	242	313
Profit from discontinued operations		(1)	14	1	26	847
Net profit for the period		121	115	187	268	1,160
Attributable to:						
Equity holders of Rhodia S.A.		110	113	177	264	1,147
Non-controlling interests		11	2	10	4	13

* Unaudited

B. Consolidated statement of comprehensive income

(in millions of euros)	Note	Quarter ended June 30,		Half-year ended June 30,		For the year ended December 31,
		2012*	2011*	2012*	2011	2011
Net profit for the period		121	115	187	268	1,160
Currency translation differences and other movements	11	26	10	(3)	(45)	16
Gains/(losses) arising from cash flow hedges of commodities		(16)	19	(34)	(3)	35
Gains/(losses) arising from cash flow hedges of interest rates		-	(2)	-	1	7
Gains/(losses) arising from cash flow hedges of foreign currency portfolios		(18)	(2)	6	9	(31)
Deferred tax on cash flow hedges		3	1	(1)	1	11
Actuarial gains/(losses) on retirement benefits and similar obligations	14	(124)	(31)	(168)	15	(63)
Deferred tax on actuarial gains/(losses)		10	1	5	-	8
Other comprehensive income		(119)	(4)	(195)	(22)	(17)
Total comprehensive income for the period		2	111	(8)	246	1,143
Attributable to:						
Equity holders of Rhodia S.A.		(11)	109	(18)	242	1,126
Non-controlling interests		13	2	10	4	17

* Unaudited

C. Consolidated balance sheet

Assets			
(in millions of euros)	Note	At June 30, 2012*	At December 31, 2011
Property, plant and equipment		1,552	1,568
Goodwill		443	432
Other intangible assets		310	332
Investments in associates		39	38
Other non-current financial assets		186	279
Deferred tax assets		108	124
Non-current assets		2,638	2,773
Inventories		745	685
Income tax receivable		15	23
Trade and other receivables		1,065	956
Derivative financial instruments		282	299
Other current financial assets		314	217
Cash and cash equivalents	10	654	704
Assets classified as held for sale		5	6
Current assets		3,080	2,890
TOTAL ASSETS		5,718	5,663

*Unaudited

Equity and liabilities

(in millions of euros)	Note	At June 30, 2012*	At December 31, 2011
Share capital	11	107	106
Additional paid-in capital	11	1,336	1,336
Other reserves	11	293	325
Accumulated deficit	11	(929)	(944)
Equity attributable to equity holders of Rhodia S.A.		807	823
Non-controlling interests	11	35	34
Total equity		842	857
Borrowings	12	920	865
Retirement benefits and similar obligations	14	1,500	1,320
Provisions		334	349
Deferred tax liabilities		35	40
Other non-current liabilities		73	76
Non-current liabilities		2,862	2,650
Borrowings	12	282	448
Derivative financial instruments		236	268
Retirement benefits and similar obligations	14	78	77
Provisions		201	178
Income tax payable		48	26
Trade and other payables		1,169	1,159
Current liabilities		2,014	2,156
TOTAL EQUITY AND LIABILITIES		5,718	5,663

* Unaudited

D. Consolidated statement of cash flows

(in millions of euros)	For the half-year ended June 30,		For the year ended December 31,
	2012*	2011	2011
Net profit for the period attributable to equity holders of Rhodia S.A.	177	264	1 147
<i>Adjustments for:</i>			
Non-controlling interests	10	4	13
Depreciation and impairment of non-current assets	135	138	289
Net increase/(decrease) in provisions	4	(72)	(67)
Share of profit/ (loss) of associates	(1)	-	(1)
Impairment of non-current financial assets	2	(1)	-
Other income and expense	5	24	47
(Gain)/loss on disposal of non-current assets	3	(28)	(872)
Deferred tax expense/(gain)	14	23	22
Foreign exchange losses/(gains)	(9)	(7)	6
Net cash flow from operating activities before changes in working capital	340	345	584
<i>Changes in working capital</i>			
- (Increase)/decrease in inventories	(58)	(194)	(110)
- (Increase)/decrease in trade receivables	(162)	(74)	(11)
- Increase/(decrease) in trade payables	58	154	13
- Increase/(decrease) in other current assets and liabilities	(70)	22	87
Net cash flow from operating activities	108	253	563
Purchases of property, plant and equipment	(98)	(135)	(343)
Purchases of other non-current assets	(22)	(17)	(36)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	93	25	591
Purchases of entities, net of cash acquired	1	(11)	4
(Purchases)/repayments of loans and financial investments	(4)	13	20
Net cash flow used by investing activities	(30)	(125)	236
Share capital increase, net of costs	-	-	9
Proceeds from issued shares, net of costs	-	3	
Treasury share purchase costs	-	(6)	(6)
Dividends paid	(3)	(12)	(14)
New non-current borrowings, net of costs	47	12	16
Repayments of non-current borrowings, net of costs	(7)	(70)	(927)
Net increase/(decrease) in current borrowings	(163)	127	52
Net cash from from/(used by) financing activities	(126)	54	(870)
Effect of foreign exchange rate changes	(2)	(11)	(7)
Net increase/(decrease) in cash and cash equivalents	(50)	171	(78)
Cash and cash equivalents at the beginning of the period	704	782	782
Cash and cash equivalents at the end of the period	654	953	704

*Unaudited

E. Statement of changes in equity

	Other reserves									
(in millions of euros)	Share capital	Additional paid-in capital	Hedge reserve	Translation reserve	Legal reserve	Treasury shares	Accumulated deficit	Total	Non-controlling interests	Total
At January 1, 2012	106	1,336	6	268	58	(7)	(944)	823	34	857
Dividends	-	-	-	-	-	-	-	-	(9)	(9)
Share capital increase	1	-	-	-	-	-	(1)	-	-	-
Total comprehensive income	-	-	(28)	(4)	-	-	14	(18)	10	(8)
Other changes (1)	-	-	-	-	-	-	2	2	-	2
At June 30, 2012	107	1,336	(22)	264	58	(7)	(929)	807	35	842

(1) Including free shares for €6.7 million.

	Other reserves									
(in millions of euros)	Share capital	Additional paid-in capital	Hedge reserve	Translation reserve	Legal reserve	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)	(1)	(12)
Share capital increase	-	2	-	-	-	-	-	2	-	2
Total comprehensive income	-	-	7	(45)	-	-	280	242	4	246
Other changes (2)	-	-	-	-	-	(2)	4	2	-	2
At June 30, 2011	106	1,332	2	211	58	(8)	(1,774)	(73)	23	(50)

(2) Including free shares for €6.8 million.

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 is held by Solvay Group.

2. Principal accounting methods

2.1. Accounting standards

Rhodia prepares 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 accordance with the consolidated financial statements for the year ended December 31, 2011.

2.2. Basis of preparation for the condensed consolidated financial statements

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

The standards, interpretations and amendments adopted by the European Union at June 30, 2012 and their mandatory adoption in 2012 had no impact on the condensed consolidated financial statements for the half-year ended June 30, 2012.

In addition, according to the Group, the standards, interpretations and amendments already adopted by the European Union but not yet applicable will have no significant impact on the financial statements.

The condensed consolidated financial statements for the half-year ended June 30, 2012 were prepared using the same main accounting methods except for the following changes, applicable as of January 1st, 2012 which do not have material impacts on the financial statements.

2.2.1 Provisions for Post-employment benefits and similar obligations

The actuarial gains and losses relating to other long-term benefits such as long service awards are recognized in profit or loss from financial items for the period in which they occur.

2.2.2 Environmental liabilities

Cash accretion is assessed using an inflated rate; the discount effect continues to be reported as financial expense.

Changes in discount rate impact financial result.

2.2.3 Intangible assets: European Union Allowances (EUA)

In the absence of any IASB standard or interpretation regulating the accounting treatment of CO2 emission rights, the Group has applied the 'net approach', according to which:

- the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero) and;
- any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

2.2.4 Other operational gains and losses

If non-exceptional, the following items are recorded in other operational gain & losses:

- result on disposal of fixed assets;
- trading activities on Swap issued on CER & EUAs;
- Foreign exchange impacts on operational items.

2.2.5 Non recurring income and expenses

Non recurring items include a small number of unusual, abnormal or infrequent revenue and expense items of particularly significant amounts.

They comprise:

- environment-related provisions where they involve activities sold or stopped;
- other material operating income likely to distort the comparability of reporting years.

2.2.6 Translation of the transactions and financial statements of foreign companies

Impacts due to currency variations should be recorded as followings:

- Foreign exchange impacts on operational items (receivables/payables) are recorded in other operational gains and losses;
- Foreign exchange impacts on financial items are recorded in financial result.

2.3 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, 2011, 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.

- Post-employment benefits

For interim period-ends, post-employment benefits are calculated prorata 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 income statement

3. Unusual items with an impact on the condensed consolidated financial statements

No material unusual items had an impact on the condensed consolidated financial statements for the half-year ended June 30, 2012.

4. Seasonality effects

The Group's activity and operating results for the half-year ended June 30, 2012 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. The five clusters are described below:

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 CO₂ emissions to develop "Climate Care" solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

Following the disposal of the shares of Rhodia Deutschland and its affiliates in December 2011, most of the Acetow operating segment was discontinued. Therefore, Eco Services and the remaining part of Acetow operating segment was reallocated to Corporate & Other. At the end of December 2011, Rhodia is now organized into four clusters.

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Energy Services	Corporate and Other (2)	Group
For quarter ended June 30, 2012*						
Net sales	768	220	440	40	162	1,630
Other revenue	13	2	21	90	17	143
Inter-company sales - Net sales	(1)	(2)	(3)	-	-	(6)
Inter-company sales - Other revenue	(1)	(1)	(3)	(40)	(1)	(46)
External net sales	767	218	437	40	162	1,624
External other revenue	12	1	18	50	16	97
Operating profit/(loss)	156	39	20	19	(16)	218
Profit/(loss) from financial items						(36)
Income tax expense						(60)
Profit/(loss) from continuing operations						122
Recurring EBITDA (1)	177	46	43	24	1	291

* Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and non-recurring income and expenses.
(2) "Corporate and Other" mainly corresponds to the Eco Services and Acetate 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 companies 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, non-recurring income and expenses relating to the environment and disposal gains and losses (see Note 7)

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Energy Services	Corporate and Other (2)	Group
For the quarter ended June 30, 2011*						
Net sales	625	217	475	58	137	1,512
Other revenue	5	2	17	76	12	112
Inter-company sales - Net sales	(1)	(3)	(3)	-	-	(7)
Inter-company sales - Other revenue	-	-	(3)	(31)	(1)	(35)
External net sales	624	214	472	58	137	1,505
External other revenue	5	2	14	45	11	77
Operating profit/(loss)	82	62	41	42	(26)	201
Profit/(loss) from financial items						(43)
Income tax expense						(57)
Profit/(loss) from continuing operations						101
Recurring EBITDA (1)	101	71	62	47	(8)	273

* Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and non-recurring income and expenses.
(2) "Corporate and Other" mainly corresponds to the Eco Services and Acetate 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 companies 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, non-recurring income and expenses relating to the environment and disposal gains and losses (see Note 7).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Energy Services	Corporate and Other (2)	Group
For the half-year ended June 30, 2012*						
Net sales	1,411	451	898	80	321	3,161
Other revenue	21	2	39	203	33	298
Inter-company sales - Net sales	(1)	(6)	(5)	-	-	(12)
Inter-company sales - Other revenue	(1)	(1)	(4)	(82)	(3)	(91)
External net sales	1,410	445	893	80	321	3,149
External other revenue	20	1	35	121	30	207
Operating profit/(loss)	244	78	35	49	(54)	352
Profit/(loss) from financial items						(68)
Income tax expense						(98)
Profit/(loss) from continuing operations						186
Recurring EBITDA (1)	286	92	80	58	(10)	506

*Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and non-recurring income and expenses.

(2) "Corporate and Other" mainly corresponds to the Eco Services and Acetate 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 companies 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, non-recurring income and expenses relating to the environment and disposal gains and losses (see Note 7).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Energy Services	Corporate and Other (2)	Group
For the half-year ended June 30, 2011						
Net sales	1,210	401	917	114	271	2,913
Other revenue	11	3	40	190	21	265
Inter-company sales - Net sales	(2)	(5)	(5)	-	(6)	(18)
Inter-company sales - Other revenue	-	-	(4)	(72)	(3)	(79)
External net sales	1,208	396	912	114	265	2,895
External other revenue	11	3	36	118	18	186
Operating profit/(loss)	160	108	89	86	(21)	422
Profit/(loss) from financial items						(82)
Income tax expense						(98)
Profit/(loss) from continuing operations						242
Recurring EBITDA (1)	193	124	130	94	(4)	537

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and non-recurring income and expenses.

(2) "Corporate and Other" mainly corresponds to the Eco Services, Salicylics and Acetate 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 companies 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 non-recurring income and expenses relating to the environment and disposal gains and losses (see Note 7).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Energy Services	Corporate and Other (2)	Group
For the year ended December 31, 2011						
Net sales	2,451	891	1,802	219	529	5,892
Other revenue	24	4	76	382	40	526
Inter-company sales - Net sales	(4)	(9)	(11)	-	(6)	(30)
Inter-company sales - Other revenue	(2)	-	(8)	(142)	(7)	(159)
External net sales	2,447	882	1,791	219	523	5,862
External other revenue	22	4	68	240	33	367
Operating profit/(loss)	320	234	110	166	(124)	706
Profit/(loss) from financial items						(247)
Income tax expense						(146)
Profit/(loss) from continuing operations						313
Recurring EBITDA (1)	365	268	195	175	(31)	972

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and non-recurring income and expenses.

(2) "Corporate and Other" mainly corresponds to the Eco Services, Salicylics and Acetate 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 companies 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, non-recurring income and expenses relating to the environment and disposal gains and losses (see Note 7).

6. Restructuring costs

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2012*	2011*	2012*	2011	2011
New plans	(1)	-	(10)	-	-
Re-estimated costs of previous plans	-	1	-	1	3
Depreciation and impairment of non-current assets	-	-	-	-	-
Impairment of current assets	-	-	-	-	-
Total restructuring costs	(1)	1	(10)	1	3

*Unaudited

The new plan has been implemented following the integration with Solvay and mainly concerns corporate functions.

7. Non-recurring income and expenses

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2012*	2011*	2012*	2011	2011
Gains on disposals of non-current assets	-	-	-	25	69
Other non-recurring income	1	6	1	12	22
Total non-recurring income	1	6	1	37	91
Losses on disposals of non-current assets	-	-	-	-	(7)
Environmental expenses	(2)	(7)	(5)	(12)	(37)
Other non-recurring expenses	(3)	(10)	(5)	(12)	(45)
Total non-recurring expenses	(5)	(17)	(10)	(24)	(89)

* Unaudited

The other non-recurring expenses mainly relates to costs link to the disposal of the Salicylics activity.

Environmental expenses are analyzed in Note 15.

8. Profit/(loss) from financial items

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2012 *	2011 *	2012*	2011	2011
Gross interest expense on borrowings	(16)	(30)	(35)	(60)	(119)
Income from cash equivalents	4	5	9	11	22
Expenses on financial transactions	-	-	-	-	(70)
Discounting charges	(44)	(38)	(83)	(74)	(166)
Expected return on pension plan assets	21	21	40	41	81
Proceeds from available-for-sale financial assets	-	-	-	-	-
Other	(1)	(1)	1	-	5
Profit/(loss) from financial items	(36)	(43)	(68)	(82)	(247)
<i>Of which:</i>					
<i>Finance costs</i>	<i>(64)</i>	<i>(70)</i>	<i>(122)</i>	<i>(136)</i>	<i>(360)</i>
<i>Finance income</i>	<i>28</i>	<i>27</i>	<i>54</i>	<i>54</i>	<i>113</i>

* Unaudited

9. Income tax

For the half-year ended June 30, 2012, the income tax expense amounted to €(98) million (compared to the same amount for the half-year ended June 30, 2011) for an income from continuing operations before tax of €284 million (compared to €340 million for the half-year ended June 30, 2011).

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2012 *	2011 *	2012*	2011	2011
Current income tax expense	(57)	(32)	(84)	(74)	(124)
Deferred tax expense	(3)	(25)	(14)	(24)	(22)
Income tax expense for the period	(60)	(57)	(98)	(98)	(146)

* Unaudited

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

Management has not modified its estimate of the probability of recovering the deferred tax assets relating to French and British tax groups. Thus, no new deferred tax asset was recorded for the half-year ended June 30, 2012.

Notes to the consolidated balance sheet

10. Cash and cash equivalents

10.1. Analysis by type

(in millions of euros)	At June 30, 2012	At December 31, 2011
Cash in banks	216	246
Cash equivalents	438	458
Total	654	704

10.2. Consolidated statement of cash flows

In the first half-year of 2012, discontinued operations contributed to net cash from operating activities and net cash from investing activities in the amount of €(17) million and €94 million, respectively.

Paid interest costs, net of interest received, totaled €28 million in the first half-year of 2012.

Income taxes paid totaled around €53 million in the first half-year of 2012.

11. Equity

11.1. Share capital and additional paid-in capital

At June 30, 2012, Rhodia's share capital totaled €107,062,580, comprising 107,062,580 shares, each with a par value of €1.

11.2. Dividends

No dividends were paid to the shareholders of Rhodia S.A. during the half-year ended June 30, 2012.

11.3. Translation reserve

The €(3) million movement in the translation reserve for the half-year ended June 30, 2012 is primarily attributable to the appreciation of the euro against the US dollar and the Brazilian real.

12. Borrowings

Breakdown of borrowings by type:

At June 30, 2012*					
(in millions of euros)	Amount at amortized cost	Redemption value	Amount at fair value (1)	Maturity	Effective rates before hedging (2)
Bilateral credit facilities	259	259	259	2013	4% -15%
Other debts	6	6	6	2013	0% -11%
Finance lease debts	1	1	1	2013	4%
Accrued interest payable	16	16	16	-	-
Sub-total short term	282	282	282		
2010 EUR senior notes	493	500	560	15/05/2018	7%
2010 USD senior notes	313	318	356	15/09/2020	6.875%
Bilateral credit facilities	50	50	50	2012-2027	4.3% - 11.4%
Finance lease debts	4	4	4	2012-2019	3.56% - 11.25%
Other debts	60	60	60	2011-2018	<5%
Sub-total long term	920	932	1,030		
Total	1,202	1,214	1,312		

* Unaudited

(1) Senior notes are measured on the last day of the period. The redemption price was adopted for other borrowings.

(2) Libor/Euribor are mainly 1, 3 or 6 months.

At December 31, 2011					
(in millions of euros)	Amount at amortized cost	Redemption value	Amount at fair value (1)	Maturity	Effective rates before hedging (2)
Bilateral credit facilities	223	223	223	2012	4% - 15%
Securitization of receivables	202	202	202	2012	2.36%
Other debts	6	6	6	2012	0% - 9,5%
Finance lease debts	2	2	2	2012	4%
Accrued interest payable	15	15	15	-	-
Sub-total short term	448	448	448		
2010 EUR senior notes	492	500	539	15/05/2018	7%
2010 USD senior notes	304	309	336	15/09/2020	6.875%
Bilateral credit facilities	8	8	8	2012-2014	4% - 11%
Finance lease debts	3	3	3	2012-2019	3.56% - 11.25%
Other debts	58	58	58	2012-2018	< 5%
Sub-total long term	865	878	944		
Total	1,313	1,326	1,392		

(1) Senior notes are measured on the last day of the year. The redemption price was adopted for other borrowings.

(2) Libor/Euribor are mainly 1, 3 or 6 months.

In June 2012, Rhodia has terminated its securitization programs (€140 million Pan-European program, \$100 million North American program and the \$12 million Asian program). At December 31, 2011, the financing provided by securitization programs amounted to €202 million.

13. Financial risk management

13.1. Liquidity risk management

At June 30, 2012, Rhodia's liquidity position amounted to €663 million, compared to €712 million at December 31, 2011.

As a member of the Solvay Group, Rhodia can benefit from intercompany financing resources.

13.2. UCITS and financial instrument risk management

Rhodia primarily makes its short-term investments and enters into its interest rate and currency swaps with banks or financial institutions with S&P and Moody's ratings that belong to the Investment Grade category.

14. Retirement benefits and similar obligations

The post-employment benefits and other long-term employee benefits amount to €1,578 million at June 30, 2012, compared to €1,397 million at December 31, 2011. The increase is explained by:

- the change in discount rate in France, from 4.75% at December 31, 2011 to 3.75% at June 30, 2012;
- the change in inflation rate in UK, from 2.75% at December 31, 2011 to 2.50% at June 30, 2012, as well as the change in discount rate, from 4.75% at December 31, 2011 to 4.25% at June 30, 2012;
- the change in discount rate in USA, from 4.75% at December 31, 2011 to 4.50% at June 30, 2012;
- partly compensated by the increase in plan assets values in UK & US & by curtailment impact in France.

In the first semester of 2012, the actuarial gains and losses recognized in equity amounted to €(168) million, and correspond to a €(175) million negative impact from changes in assumptions (discount and inflation rates) and a €7 million positive impact attributable to the revaluation of plan assets.

15. Environmental provisions

At June 30, 2012, the discount rate used for the calculation of environmental provisions on the Euro zone decreased by 0.75%, the discount rates used for other geographical areas have not been changed as the impact was not material.

At June 30, 2012, environmental provisions amounted to €291 million, compared to €292 million at December 31, 2011. Except for the change in discount rate, no significant changes occurred during the first semester of 2012.

At June 30, 2012, there were no significant movements in contingent environmental liabilities estimated at €205 million at December 31, 2011.

16. Claims and litigation

During the half-year ended June 30, 2012, there were no new major legal disputes or significant developments in litigations existing at December 31, 2011.

17. Share-based payment

On March 03, 2012, the Solvay Board of Directors approved new stock option purchase plan for 222 beneficiaries (336.461 Solvay shares) subject to the continued employment of the beneficiaries. The terms and conditions of these plans are as follows:

	Plans	
	French tax residents	Foreign tax residents
Number of shares	217,761	118,700
Number of beneficiaries	132	90
Grant date	March 16, 2012	
Vesting date	Minimum December, 31th 2012	
Exercise period	January 01, 2016 to March 15, 2020	

The expense recognized with respect to share subscription plans and bonus shares in the first half year ended June 30, 2012 totaled €6.3 millions, of which €0.5 million relate to the cost of the new stock option plan.

18. Subsequent events

None.