Rhodia

Condensed consolidated financial statements

for the nine months ended September 30, 2012



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A. Consolidated statement of income

(in millions of euros)	Note		r ended nber 30,		ths ended nber 30,	Year ended December 31,
		2012*	2011*	2012*	2011*	2011
Net sales	5	1,571	1,556	4,720	4,451	5,862
Other revenue	5	100	91	307	277	367
Cost of sales		(1,295)	(1,297)	(3,923)	(3,632)	(4,835)
Administrative and selling expenses		(146)	(151)	(459)	(453)	(608)
Research and development expenditure		(25)	(23)	(75)	(65)	(91)
Other operational gains and losses		13	(21)	18	(15)	5
Earning from associates		-	-	1	-	1
Restructuring costs	6	(14)	1	(24)	2	3
Non-recurring income	7	8	2	9	39	91
Non-recurring expenses	7	(78)	(77)	(88)	(101)	(89)
Operating profit		134	81	486	503	706
Finance income	8	26	26	80	80	113
Finance costs	8	(69)	(62)	(191)	(198)	(360)
Profit before income tax		91	45	375	385	459
Income tax expense	9	(89)	(65)	(187)	(163)	(146)
Profit from continuing operations	5	2	(20)	188	222	313
Profit from discontinued operations		(1)	11	-	37	847
Net profit for the period		1	(9)	188	259	1,160
Attributable to:						
Equity holders of Rhodia S.A.		2	(13)	179	251	1,147
Non-controlling interests		(1)	4	9	8	13

^{*} Unaudited

B. Consolidated statement of comprehensive income

		Quarter Septemb		Nine montl Septemb		For the year ended December 31,
(in millions of euros)	Note	2012*	2011*	2012*	2011*	2011
Net profit for the period		1	(9)	188	259	1,160
Currency translation differences and other movements	11	(25)	9	(28)	(36)	16
Gains/(losses) arising from cash flow hedges of commodities		6	30	(28)	27	35
Gains/(losses) arising from cash flow hedges of interest rates		0	6	0	7	7
Gains/(losses) arising from cash flow hedges of foreign currency portfolios		19	(34)	25	(25)	(31)
Deferred tax on cash flow hedges		(2)	9	(3)	10	11
Actuarial gains/(losses) on retirement benefits and similar obligations	14	11	(30)	(157)	(15)	(63)
Deferred tax on actuarial gains/(losses)		(4)	9	1	9	8
Other comprehensive income		5	(1)	(190)	(23)	(17)
Total comprehensive income for the period		6	(10)	(2)	236	1,143
Attributable to:						
Equity holders of Rhodia S.A.		7	(18)	(11)	224	1,126
Non-controlling interests		(1)	8	9	12	17

^{*} Unaudited

C. Consolidated balance sheet

Assets

(in millions of euros)	Note	At September 30, 2012*	At December 31, 2011
Property, plant and equipment		1,556	1,568
Goodwill		437	432
Other intangible assets		303	332
Investments in associates		39	38
Other non-current financial assets		194	279
Deferred tax assets		66	124
Non-current assets		2,595	2,773
Inventories		662	685
Income tax receivable		12	23
Trade and other receivables		880	956
Derivative financial instruments		235	299
Other current financial assets		315	217
Cash and cash equivalents	10	969	704
Assets classified as held for sale		5	6
Current assets		3,078	2,890
TOTAL ASSETS		5,673	5,663

^{*}Unaudited

Equity and liabilities

(in millions of euros)	Note	At September 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	(918)	(944)
Equity attributable to equity holders of Rhodia S.A.		818	823
Non-controlling interests	11	33	34
Total equity		851	857
Borrowings	12	911	865
Retirement benefits and similar obligations	14	1,481	1,320
Provisions		381	349
Deferred tax liabilities		22	40
Other non-current liabilities		75	76
Non-current liabilities		2,870	2,650
Borrowings	12	305	448
Derivative financial instruments		171	268
Retirement benefits and similar obligations	14	78	77
Provisions		196	178
Income tax payable		87	26
Trade and other payables		1,115	1,159
Current liabilities		1,952	2,156
TOTAL EQUITY AND LIABILITIES		5,673	5,663

^{*} Unaudited

D. Consolidated statement of cash flows

(in millions of euros)		nded September 30,	For the year ended December 31,
,	2012*	2011	2011
Net profit for the period attributable to equity holders of Rhodia S.A.	179	251	1 147
Adjustments for:			
Non-controlling interests	9	8	13
Depreciation and impairment of non-current assets	185	213	289
Net increase/(decrease) in provisions	44	(37)	(67)
Impairment of non-current financial assets	-	(1)	-
Share of profit/ (loss) of associates	(1)	-	(1)
Dividends received from associates	2	-	
Other income and expense	17	36	47
(Gain)/loss on disposal of non-current assets	3	(28)	(872)
Deferred tax expense/(gain)	36	33	22
Foreign exchange losses/(gains)	2	(6)	6
Net cash flow from operating activities before changes in working capital	476	469	584
Changes in working capital			
- (Increase)/decrease in inventories	20	(193)	(110)
- (Increase)/decrease in trade receivables	(39)	(106)	(11)
- Increase/(decrease) in trade payables	22	130	13
- Increase/(decrease) in other current assets and liabilities	2	95	74
Net cash flow from operating activities before margin calls	481	395	550
Margin calls (1)	15	7	13
Net cash flow from operating activities	496	402	563
Purchases of property, plant and equipment	(161)	(219)	(343)
Purchases of other non-current assets	(30)	(25)	(36)
Proceeds on disposals of entities, net of cash transferred, and non- current assets	94	26	591
Purchases of entities, net of cash acquired	1	(8)	4
(Purchases)/repayments of loans and financial investments	(7)	14	20
Net cash flow used by investing activities	(103)	(212)	236
Share capital increase, net of costs	-	8	9
Treasury share purchase costs	-	(6)	(6)
Dividends paid	(5)	(13)	(14)
New non-current borrowings, net of costs	49	16	16
Repayments of non-current borrowings, net of costs	(11)	(77)	(927)
Net increase/(decrease) in current borrowings	(151)	99	52
Net cash from from/(used by) financing activities	(118)	27	(870)
Effect of foreign exchange rate changes	(10)	(23)	(7)
Net increase/(decrease) in cash and cash equivalents	265	194	(78)
Cash and cash equivalents at the beginning of the period	704	782	782
Cash and cash equivalents at the end of the period	969	976	704

⁽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 counterpart.

E. Statement of changes in equity

				Other res	serves					
(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	-	-	-	-	-	-	-	-	(10)	(10)
Share capital increase	1	-	-	-	-	-	(1)	-	-	-
Total comprehensive income	-	-	(3)	(29)	-	-	21	(11)	9	(2)
Other changes (1)	-	-	-	-	-	-	6	6	-	6
At September 30, 2012*	107	1,336	3	239	58	(7)	(918)	818	33	851

⁽¹⁾ Including free shares and stock options for $\ensuremath{\in} 9.1$ million.

				Other res	serves					
(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)	(2)	(13)
Share capital increase	-	6	-	-	-	-	-	6	-	6
Total comprehensive income	-	-	9	(40)	-	-	255	224	12	236
Other changes (2)	-	-	-	-	-	(1)	6	5	-	5
At September 30, 2011*	106	1,336	4	216	58	(7)	(1,797)	(84)	30	(54)

⁽²⁾ Including free shares and stock options for \in 10.3 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 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 September 30, 2012 and their mandatory adoption in 2012 had no impact on the condensed consolidated financial statements for the nine months ended September 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 nine months ended September 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 nine months ended September 30, 2012.

4. Seasonality effects

The Group's activity and operating results for the nine months ended September 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
Quarter ended September 30, 2012*						
Net sales	788	175	416	30	167	1,576
Other revenue	7	1	15	92	21	136
Inter-company sales - Net sales	-	(1)	(4)	-	-	(5)
Inter-company sales - Other revenue	-	-	-	(34)	(2)	(36)
External net sales	788	174	412	30	167	1,571
External other revenue	7	1	15	58	19	100
Operating profit/(loss)	140	48	57	10	(121)	134
Profit/(loss) from financial items						(43)
Income tax expense						(89)
Profit/(loss) from continuing operations						2
Recurring EBITDA (1)	180	39	16	25	8	268

^{*} 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
Quarter ended September 30, 2011*						
Net sales	624	272	479	50	137	1,562
Other revenue	6	-	18	95	12	131
Inter-company sales - Net sales	(1)	(2)	(3)	-	-	(6)
Inter-company sales - Other revenue	(1)	-	(2)	(35)	(2)	(40)
External net sales	623	270	476	50	137	1,556
External other revenue	5	-	16	60	10	91
Operating profit/(loss)	62	81	30	32	(124)	81
Profit/(loss) from financial items						(36)
Income tax expense						(65)
Profit/(loss) from continuing operations						(20)
Recurring EBITDA (1)	82	87	51	37	(31)	226

^{*} 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, 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
Nine months ended September 30, 2012*						
Net sales	2,199	626	1,314	110	488	4,737
Other revenue	28	3	54	295	54	434
Inter-company sales - Net sales	(1)	(7)	(9)	-	-	(17)
Inter-company sales - Other revenue	(1)	(1)	(4)	(116)	(5)	(127)
External net sales	2,198	619	1,305	110	488	4,720
External other revenue	27	2	50	179	49	307
Operating profit/(loss)	384	126	92	59	(175)	486
Profit/(loss) from financial items						(111)
Income tax expense						(187)
Profit/(loss) from continuing operations						188
Recurring EBITDA (1)	466	131	96	83	(2)	774

^{*}Unaudited

^{(2) &}quot;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
Nine months ended September 30, 2011						
Net sales	1,834	673	1,396	164	408	4,475
Other revenue	17	3	58	285	33	396
Inter-company sales - Net sales	(3)	(7)	(8)	-	(6)	(24)
Inter-company sales - Other revenue	(1)	-	(6)	(107)	(5)	(119)
External net sales	1,831	666	1,388	164	402	4,451
External other revenue	16	3	52	178	28	277
Operating profit/(loss)	222	189	119	118	(145)	503
Profit/(loss) from financial items						(118)
Income tax expense						(163)
Profit/(loss) from continuing operations						222
Recurring EBITDA (1)	275	211	181	131	(35)	763

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

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

^{(2) &}quot;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) &}quot;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 September 30,		Nine months ended September 30,	
	2012*	2011*	2012*	2011	2011
New plans	(14)	-	(24)	-	-
Re-estimated costs of previous plans	-	1	0	2	3
Depreciation and impairment of non- current assets	-	-	0	-	-
Impairment of current assets	-	-	-	-	-
Total restructuring costs	(14)	1	(24)	2	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 September 30,		Nine months ended September 30,		Year ended December 31,
	2012*	2011*	2012*	2011	2011
Gains on disposals of non-current assets	(1)	1	(1)	26	69
Other non-recurring income	9	1	10	13	22
Total non-recurring income	8	2	9	39	91
Losses on disposals of non-current assets	(1)	-	(1)	-	(7)
Environmental expenses	(47)	(35)	(52)	(47)	(37)
Other non-recurring expenses	(30)	(42)	(35)	(54)	(45)
Total non-recurring expenses	(78)	(77)	(88)	(101)	(89)

^{*} Unaudited

In 2012, the other non-recurring expenses and income mainly relates to Solvay integration costs and to the disposal of the Salicylics activity.

Environmental expenses are analyzed in Note 15.

8. Profit/(loss) from financial items

		r ended nber 30,	Nine months ended September 30,		Year ended December 31,	
(in millions of euros)	2012 *	2011 *	2012*	2011	2011	
Gross interest expense on borrowings	(19)	(32)	(54)	(92)	(119)	
Income from cash equivalents	4	6	13	17	22	
Expenses on financial transactions	-	-	_	-	(70)	
Discounting charges	(50)	(32)	(133)	(106)	(166)	
Expected return on pension plan assets	20	19	60	60	81	
Proceeds from available-for-sale financial assets	-	_	_	-	-	
Other	2	3	3	3	5	
Profit/(loss) from financial items	(43)	(36)	(111)	(118)	(247)	
Of which:						
Finance costs	(69)	(62)	(191)	(198)	(360)	
Finance income * Unaudited	26	26	80	80	113	

^{*} Unaudited

9. Income tax

For the nine months ended September 30, 2012, the income tax expense amounted to \in (187) million (compared to the \in (163) million for the nine months ended September 30, 2011) for an income from continuing operations before tax of \in 375 million (compared to \in 385 million for the nine months ended September 30, 2011).

(in millions of euros)		Quarter ended September 30,		nths ended mber 30,	Year ended December 31,
	2012 *	2011 *	2012*	2011	2011
Current income tax expense	(67)	(56)	(151)	(130)	(124)
Deferred tax expense	(22)	(9)	(36)	(33)	(22)
Income tax expense for the period	(89)	(65)	(187)	(163)	(146)

^{*} Unaudited

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

The management of Solvay has modified its estimate of the probability of recovering the deferred tax assets relating to Rhodia Brazil, in limiting the recognition up to a 5-year term. Consequently, an impairment of \in 34 million was recorded as at September, 30 2012.

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 nine months ended September 30, 2012.

Notes to the consolidated balance sheet

10. Cash and cash equivalents

10.1. Analysis by type

(in millions of euros)	At September 30, 2012	At December 31, 2011
Cash in banks	255	246
Cash equivalents	714	458
Total	969	704

10.2. Consolidated statement of cash flows

In the first nine months of 2012, discontinued operations contributed to net cash from operating activities and net cash from investing activities in the amount of \in (17) million and \in 94 million, respectively.

Paid interest costs, net of interest received, totaled €37 million in the first nine months of 2012.

Income taxes paid totaled around €74 million in the first nine months of 2012.

11. Equity

11.1. Share capital and additional paid-in capital

At September 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 nine months ended September 30, 2012.

11.3. Translation reserve

The € (29) million movement in the translation reserve for the nine months ended September 30, 2012 is primarily attributable to the appreciation of the euro against the Brazilian real.

12. Borrowings

Breakdown of borrowings by type:

	At September 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	223	223	223	2013	2% - 11%	
Other debts	58	58	58	2013	0% - 10%	
Finance lease debts	3	3	3	2013	3.56% - 4.70%	
Accrued interest payable	21	21	21	_	-	
Sub-total short term	305	305	305			
2010 EUR senior notes	494	500	560	15/05/2018	7%	
2010 USD senior notes	305	309	350	15/09/2020	6.875%	
Bilateral credit facilities	50	50	50	2014-2027	4% - 11%	
Finance lease debts	3	3	3	2013-2019	3.56% - 11.25%	
Other debts	59	59	59	2013-2018	<3%	
Sub-total long term	911	921	1,022			
Total	1,216	1,226	1,327			

^{*} Unaudited

At December 31, 2011					
(in millions of euros)	Amount at amortized cost	Redemption value	Amount at fair value (1)	Maturity	Effective rates befor 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.

⁽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.

13. Financial risk management

13.1. Liquidity risk management

(in millions of euros)	At September 30, 2012	At December 31, 2011
Other current liquid financial assets	11	8
Not used credit line	0	0
Cash and cash equivalents	969	704
Liquidity position	980	712

At September 30, 2012, Rhodia's liquidity position amounted to €980 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 €1,559 million at September 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% since June 30, 2012;
- the change in inflation rate in UK, from 2.75% at December 31, 2011 to 2.50% since June 30, 2012, as well as the change in discount rate for UK, from 4.75% at December 31, 2011 to 4.25% since June 30, 2012:
- the change in discount rate in USA, from 4.75% at December 31, 2011 to 4.50% since June 30, 2012;
- partly compensated by the increase in plan assets values in UK & US & by curtailment impact in France.

As of September 30, 2012, the actuarial gains and losses recognized in equity amounted to \in (157) million, and correspond to a \in (176) million negative impact from changes in assumptions (discount rates, partly compensated by inflation rates), and a \in 19million positive impact attributable to the revaluation of plan assets.

15. Environmental provisions

At September 30, 2012, the discount rate used for the calculation of environmental provisions on the Euro zone and on Brazil decreased by 0.75% and 1.6% respectively, the discount rates used for other geographical areas remain unchanged.

At September 30, 2012, environmental provisions amounted to €340 million, compared to €292 million at December 31, 2011. The main changes relate to the following sites:

- Staveley (UK): complete update of the remediation costs made by a consultant, the last one was made in 2004 (+M€ 9);
- Silverbow (US): adjustment of the provision by the inflation which was not updated since 2000 (+ M€ 5);
- Freeport (US): recognition of a new provision regarding the catalysis unit in Freeport (+ M€ 23);

At September 30, 2012, the contingent environmental liabilities amounted to € 217 million compared to 205 million at December 31, 2011. The main updates are the followings:

decrease by M€ 23 of the contingent liability on Freeport as the scenario became probable;

- increase by M€ 34 of the contingent on Cubatao due to a tax risk (IPTU) for M€ 28 and inflation of the amounts included in the contingent liability.

16. Claims and litigation

During the nine months ended September 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, 31 2012				
Exercise period	January 01, 2016 to March 15, 2020				

The expense recognized with respect to share subscription plans and bonus shares in the nine months ended September 30, 2012 totaled € 8.8 millions, of which € 1 million relate to the cost of the new stock option plan.

18. Subsequent events

None.