Rhodia

Condensed consolidated financial statements

for the nine months ended September 30, 2009

CONTENTS

A. Consolidated statement of income

(in millions of euros)	Note	Quarter ended September 30, (*)		Nine months ended September 30, (*)		Year ended December 31,
		2009	2008	2009	2008	2008
Net sales	**5**	**1,041**	**1,224**	**2,948**	**3,637**	**4,763**
Other revenue	5	96	122	330	380	550
Cost of sales		(885)	(1,124)	(2,760)	(3,286)	(4,382)
Administrative and selling expenses		(125)	(118)	(381)	(374)	(482)
Research and development expenditure		(18)	(15)	(51)	(52)	(73)
Restructuring costs	6	(2)	-	(31)	(6)	(40)
Other operating income / (expenses)	7	(3)	(2)	(4)	(4)	(27)
Operating profit/(loss)	**5**	**104**	**87**	**51**	**295**	**309**
Finance income	8	24	20	65	90	138
Finance costs	8	(72)	(66)	(217)	(236)	(313)
Foreign exchange gains/(losses)	8	4	2	9	4	(3)
Share of profit/(loss) of associates		-	-	(1)	1	(1)
Profit before income tax		**60**	**43**	**(93)**	**154**	**130**
Income tax expense	9	(25)	(21)	(36)	(58)	(55)
Profit from continuing operations		35	22	(129)	96	75
Profit from discontinued operations	10	(20)	34	(31)	38	32
Net profit/(loss) for the period		**15**	**56**	**(160)**	**134**	**107**
Attributable to:						
Equity holders of Rhodia S.A.		14	56	(160)	133	105
Minority interests		1	-	-	1	2
Earnings per share (in euros)						
Continuing and discontinued operations						
- Basic		0,14	0.55	(1,60)	1.31	1.05
- Diluted		0,14	0.54	(1,59)	1.30	1.04
Continuing operations						
- Basic		0,35	0.21	(1,28)	0.94	0.73
- Diluted		0,35	0.21	(1,28)	0.93	0.72
Weighted average number of shares before dilution		*99,931,362*	*101,087,068*	*99,894,807*	*101,027,219*	*100,722,391*
Weighted average number of shares after dilution		*100,672,266*	*102,220,450*	*100,604,773*	*101,866,560*	*101,493,309*

* These figures were not subject to a limited review by the Company's statutory auditors

B. Consolidated statement of recognized income and expense

		Nine months ended September 30, (*)	
(in millions of euros)	**Note**	**2009**	**2008**
Net profit/(loss) for the period	**5**	**(160)**	**134**
Currency translation differences and other movements		27	22
Gains/(losses) on cash flow hedges on commodities		25	(31)
Gains/(losses) on cash flow hedges on foreign currency portfolio		55	(20)
Gains/(losses) on cash flow hedges on interest rates		(13)	(7)
Deferred tax on cash flow hedge recognized in equity		(11)	6
Actuarial gains/(losses) on retirement benefits	16	(186)	35
Deferred tax on actuarial gains/(losses)		(3)	1
Net income/(expense) directly recognized in equity		**(106)**	**6**
Total recognized income/(expense) for the period	**E**	**(266)**	**140**
Attributable to:			
Equity holders of Rhodia S.A.		(266)	138
Minority interests		-	2

* These figures were not subject to a limited review by the Company's statutory auditors

C. Consolidated balance sheet

Assets

(in millions of euros)	**Note**	**At September 30, 2009 (*)**	**At December 31, 2008**
Property, plant and equipment		1,451	1,501
Goodwill	11	212	197
Other intangible assets		188	181
Investments in associates		12	13
Other non-current financial assets		111	92
Deferred tax assets		170	171
Non-current assets		**2,144**	**2,155**
Inventories		428	666
Income tax receivable		16	12
Trade and other receivables		673	821
Derivative financial instruments		153	148
Other current financial assets		78	28
Cash and cash equivalents	12	705	492
Assets classified as held for sale		3	2
Current assets		**2,056**	**2,169**
TOTAL ASSETS		**4,200**	**4,324**

* These figures were not subject to a limited review by the Company's statutory auditors

Equity and liabilities

(in millions of euros)	Note	At September 30, 2009 (*)	At December 31, 2008
Share capital	13	1,213	1,213
Additional paid-in capital	13	138	138
Other reserves	13	201	86
Deficit	13	(2,191)	(1,812)
Equity attributable to equity holders of Rhodia S.A.		**(639)**	**(375)**
Minority interests	13	15	19
Total equity		**(624)**	**(356)**
Borrowings	14	1,659	1,612
Retirement benefits and similar obligations	16	1,320	1,155
Provisions	17	310	279
Deferred tax liabilities		40	38
Other non-current liabilities		43	33
Non-current liabilities		**3,372**	**3,117**
Borrowings	14	197	219
Derivative financial instruments		130	123
Retirement benefits and similar obligations	16	95	93
Provisions	17	166	137
Income tax payable		15	19
Trade and other payables		849	972
Current liabilities		**1,452**	**1,563**
TOTAL EQUITY AND LIABILITIES		**4,200**	**4,324**

* These figures were not subject to a limited review by the Company's statutory auditors

D. Consolidated statement of cash flows

(in millions of euros)	Nine months ended September 30, (*) 2009	2008
Net profit/(loss) for the period attributable to equity holders of Rhodia S.A.	**(160)**	**133**
Adjustments for:		
Minority interests	-	1
Depreciation and impairment of non-current assets	212	222
Net increase/(decrease) in provisions and employee benefits	4	(40)
Share of profit/(loss) of associates	1	(1)
Other income and expense	27	34
Gain/(loss) on disposal of non-current assets	(10)	(68)
Income tax expense/(income)	(3)	12
Foreign exchange losses/(gains)	19	29
Net cash flow from operating activities before changes in working capital	**90**	**322**
Changes in working capital		
- (Increase)/decrease in inventories	271	(180)
- (Increase)/decrease in trade receivables	88	(77)
- Increase/(decrease) in trade payables	(171)	17
- Increase/(decrease) in other current assets and liabilities	154	(4)
Net cash from operating activities before margin calls	**432**	**78**
- Margin calls (1)	4	8
Net cash from operating activities	**436**	**86**
Purchases of property, plant and equipment	(113)	(174)
Purchases of other non-current assets	(17)	(35)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	9	213
Purchase of entities, net of cash acquired	(74)	-
(Purchases)/repayments of loans and financial investments	(53)	(3)
Net cash from/(used by) investing activities	**(248)**	**1**
Proceeds from issue of shares, net of costs	(2)	**-**
Dividends paid	(4)	(27)
New non-current borrowings, net of costs	46	3
Repayments of non-current borrowings, net of costs	(58)	(12)
Net increase/(decrease) in current borrowings	9	33
Net cash used by financing activities	**(9)**	**(3)**
Effect of foreign exchange rate changes	**34**	**(1)**
Net increase in cash and cash equivalents	**213**	**83**
Cash and cash equivalents at the beginning of the period	492	415
Cash and cash equivalents at the end of the period	705	498

* These figures were not subject to a limited review by the Company's statutory auditors

(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

(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	Minority interests	Total
At January 1, 2009	**1,213**	**138**	**(49)**	**109**	**40**	**(14)**	**(1,812)**	**(375)**	**19**	**(356)**
Appropriation of earnings	-	-	-	-	18	-	(18)	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	**-**	(1)	**(1)**
Income and expense directly recognized in equity	-	-	67	27	-	-	(360)	**(266)**	-	**(266)**
Other movements (1)	-	-	-	-	-	3	(1)	**2**	(3)	**(1)**
At September 30, 2009	**1,213**	**138**	**18**	**136**	**58**	**(11)**	**(2,191)**	**(639)**	**15**	**(624)**

(1) Including bonus shares for €5 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	Minority interests	Total
At January 1, 2008	**1,204**	**147**	**2**	**84**	**37**	**-**	**(1,863)**	**(389)**	**21**	**(368)**
Appropriation of earnings	-	-	-	-	3	-	(3)	**-**	-	**-**
Share capital increase	9	(9)	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	-	(25)	**(25)**	(2)	**(27)**
Income and expense directly recognized in equity	-	-	(58)	21	-	-	175	**138**	2	**140**
Other movements (1)	-	-	-	-	-	-	12	**12**	-	**12**
At September 30, 2008	**1,213**	**138**	**(56)**	**105**	**40**	**-**	**(1,704)**	**(264)**	**21**	**(243)**

(1) Including bonus shares for €12 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 listed on Euronext Paris.

These condensed consolidated financial statements were reviewed on November 3rd, 2009 by the Board of Directors.

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, 2008, as included in the reference document filed by Rhodia with the AMF on March 24, 2009.

2.2. Basic principles used for preparation of the financial statements

The condensed consolidated financial statements for the nine months ended September 30, 2009 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2008.
The standards, interpretations and amendments adopted by the European Union at September 30, 2009 and their mandatory adoption in 2009 had no material impact on the condensed consolidated financial statements for the nine months ended September 30, 2009. The adoption of IFRS 8 *Operating segments* for the September 30, 2009 financial statements did not change Rhodia's presentation of segment information by enterprises. Insofar as current segment information reflects the Group's internal reporting, the adoption of this new standard had no impact on the consolidated financial statements.
According to the Group, the other 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 up to the nearest million unless otherwise indicated.

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, 2008, 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 recorded 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 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, 2009.

4. Seasonality effects

The Group's activity and operating results for the nine months ended September 30, 2009 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 by business segment. Information on discontinued operations is presented in Note 10.

Rhodia Group is organized into the following 6 enterprises, whose structure is unchanged since December 31, 2008:

- **Polyamide,**
- **Novecare (including McIntyre group's activities as from February 27, 2009),**
- **Silcea,**
- **Energy Services,**
- **Acetow,**
- **Eco Services.**

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
Quarter ended September, 2009*								
Net sales	397	207	167	46	138	49	44	**1,048**
Other revenue	26	4	2	88	3	1	13	**137**
Inter-company sales - Net sales	(6)	(1)	-	-	-	-	-	**(7)**
Inter-company sales – Other revenue	(5)	(2)	(1)	(31)	(1)	-	(1)	**(41)**
External net sales	**391**	**206**	**167**	**46**	**138**	**49**	**44**	**1,041**
External other revenue	21	2	1	57	2	1	12	**96**
Operating profit/(loss)	**28**	**22**	**19**	**29**	**27**	**12**	**(33)**	**104**
Profit/(loss) from financial items								**(44)**
Income tax expense								**(25)**
Profit/(loss) from continuing operations								**35**
Recurring EBITDA (1)	**52**	**30**	**29**	**34**	**35**	**16**	**(22)**	**174**

** These figures were not subject to a limited review by the Company's statutory auditors*

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
Quarter ended September, 2008*								
Net sales	465	260	193	43	112	90	74	**1,237**
Other revenue	31	4	1	159	2	1	16	**214**
Inter-company sales - Net sales	(9)	(1)	-	-	-	-	(3)	**(13)**
Inter-company sales – Other revenue	(5)	(2)	-	(80)	(1)	-	(4)	**(92)**
External net sales	**456**	**259**	**193**	**43**	**112**	**90**	**71**	**1,224**
External other revenue	26	2	1	79	1	1	12	**122**
Operating profit/(loss)	**11**	**31**	**19**	**27**	**12**	**16**	**(29)**	**87**
Profit/(loss) from financial items								**(44)**
Income tax expense								**(21)**
Profit/(loss) from continuing operations								**22**
Recurring EBITDA (1)	**38**	**43**	**30**	**35**	**20**	**19**	**(17)**	**168**

** These figures were not subject to a limited review by the Company's statutory auditors*

(1) Recurring EBITDA: Operating profit or loss before net depreciation, amortization and impairment, restructuring costs and other operating income and expenses.

(2) "Corporate and Other" mainly corresponds to the Salicylics 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 companiesand 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 relating to the environment and disposal gains and losses (see Note 7).

(in millions of euros)	**Polyamide**	**Novecare**	**Silcea**	**Energy Services**	**Acetow**	**Eco Services**	**Corporate and Other (2)**	**Group**
Nine months ended September 30, 2009								
Net sales	1,030	624	458	138	413	170	131	**2,964**
Other revenue	79	11	4	322	8	3	37	**464**
Inter-company sales - Net sales	(11)	(2)	(1)	-	-	-	(2)	**(16)**
Inter-company sales – Other revenue	(13)	(4)	(1)	(108)	(2)	-	(6)	**(134)**
External net sales	**1,019**	**622**	**457**	**138**	**413**	**170**	**129**	**2,948**
External other revenue	66	7	3	214	6	3	31	**330**
Operating profit/(loss)	**(125)**	**32**	**14**	**103**	**79**	**47**	**(99)**	**51**
Share of profit of associates	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Profit/(loss) from financial items					-			**(143)**
Income tax expense								**(36)**
Profit/(loss) from continuing operations								**(129)**
Recurring EBITDA (1)	**(38)**	**66**	**49**	**119**	**102**	**60**	**(71)**	**287**

(in millions of euros)	**Polyamide**	**Novecare**	**Silcea**	**Energy Services**	**Acetow**	**Eco Services**	**Corporate and Other (2)**	**Group**
Nine months ended September 30, 2008								
Net sales	1,436	735	577	147	338	217	225	**3,675**
Other revenue	97	13	5	483	5	5	51	**659**
Inter-company sales - Net sales	(27)	(2)	(2)	-	-	-	(7)	**(38)**
Inter-company sales – Other revenue	(14)	(5)	(1)	(244)	(3)	-	(12)	**(279)**
External net sales	**1,409**	**733**	**575**	**147**	**338**	**217**	**218**	**3,637**
External other revenue	83	8	4	239	2	5	39	**380**
Operating profit/(loss)	**74**	**71**	**60**	**113**	**35**	**42**	**(100)**	**295**
Share of profit of associates	-	-	-	-	-	-	1	**1**
Profit/(loss) from financial items								**(142)**
Income tax expense								**(58)**
Profit/(loss) from continuing operations								**96**
Recurring EBITDA (1)	**150**	**101**	**92**	**126**	**57**	**52**	**(55)**	**523**

(1) Recurring EBITDA: Operating profit or loss before net depreciation, amortization and impairment, restructuring costs and other operating income and expenses.

(2) "Corporate and Other" mainly corresponds to the Salicylics 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, other operating 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, (*)		Year ended December 31,
	2009	**2008**	**2009**	**2008**	**2008**
New plans	(2)	1	(24)	(2)	(30)
Re-estimated costs of previous plans	-	(1)	2	(4)	(5)
Impairment of non-current assets	-	-	(9)	-	(4)
Impairment of current assets	-	-	-	-	(1)
Total	**(2)**	**-**	**(31)**	**(6)**	**(40)**

** These figures were not subject to a limited review by the Company's statutory auditors*

The new measures for the first nine months of 2009 represent a total estimated cost of €24 million and correspond to the competitiveness enhancement plans initiated for Polyamide, Silcea and Novecare and the support functions. In France, plans mainly concern the industrial sites of Belle-Etoile, Valence, Melle, Chalampé and Saint Fons Chimie as well as support functions for a total of €14 million. In other countries, the new measures relate to 2 planned site closures in Asia (Ruohai and Ambarnath) and various measures implemented to improve productivity in both the industrial sites and commercial and administrative functions for €10 million. Out of this total, €4 million concern measures launched in the United States and €2 million concern Brazil.

7. Other operating income and expenses

(in millions of euros)	Quarter ended September 30, (*)		Nine months ended September 30, (*)		Year ended December 31,
	2009	**2008**	**2009**	**2008**	**2008**
Net gains or losses on disposal of assets	3	24	11	26	26
Income (expenses) related to environmental provisions	(1)	(14)	(6)	(17)	(34)
Other operating income and expenses	(5)	(12)	(9)	(13)	(19)
Total	**(3)**	**(2)**	**(4)**	**(4)**	**(27)**

** These figures were not subject to a limited review by the Company's statutory auditors*

Environmental expenses are analyzed in Note 17.

The other operating income and expenses recognized in 2009 mainly include the impact of a portion of the foreign exchange derivative hedges on future revenues that have been discontinued prospectively.

8. Profit/(loss) from financial items

	Quarter ended September 30,		Nine months ended September 30, (*)		Year ended December 31,
(in millions of euros)	**2009**	**2008**	**2009**	**2008**	**2008**
Gross interest expense on borrowings	(28)	(34)	(90)	(101)	(135)
Income from cash equivalents	3	4	8	14	20
Gains/(losses) from interest rate derivatives	-	(1)	0	(1)	(1)
Income/(expenses) on financial transactions	(4)	(4)	(14)	(16)	(3)
Discounting effects	(36)	(35)	(107)	(113)	(149)
Expected return on pension plan assets	18	23	51	66	87
Foreign exchange gains/(losses)	4	2	9	4	(3)
Proceeds from disposal of available-for-sale financial assets	(1)	1	(1)	4	3
Other	-	-	1	1	3
Profit/(loss) from financial items	**(44)**	**(44)**	**(143)**	**(142)**	**(178)**
Of which:					
Finance costs	(72)	(66)	(217)	(236)	(313)
Finance income	24	20	65	90	138
Foreign exchange gains/(losses)	4	2	9	4	(3)

** These figures were not subject to a limited review by the Company's statutory auditors*

On April 3, 2009, Rhodia renegotiated its syndicated credit facility ("RCF") financial covenants. The charges linked to this operation were capitalized and will be amortized until the credit line maturity in 2012.

Following the renegotiation, income and expenses on financial transactions for the nine months ended September 30, 2009 included accelerated amortization in the amount of €(4) million for the charges capitalized during the implementation of the syndicated credit facility in 2007.

9. Income tax

(in millions of euros)	Quarter ended September 30, (*)		Nine months ended September 30, (*)		Year ended December 31,
	2009	**2008**	**2009**	**2008**	**2008**
Current income tax expense	(12)	(10)	(39)	(45)	(49)
Deferred tax income/(expense)	(13)	(11)	3	(13)	(6)
Income tax expense for the period	**(25)**	**(21)**	**(36)**	**(58)**	**(55)**

** These figures were not subject to a limited review by the Company's statutory auditors*

For the nine months ended September 30, 2009, the current income tax expense mainly corresponds to the income tax reported by the US, Asian and German entities.

The Group has not modified its estimate of 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 nine months ended September 30, 2009.

10. Profit/(loss) from discontinued operations

(in millions of euros)	Quarter ended September 30,		Nine months ended September 30, (*)		Year ended December 31,
	2009	**2008**	**2009**	**2008**	**2008**
Net sales	-	52	-	202	206
Other revenue	-	(1)	1	6	7
Operating expenses, net	(20)	(58)	(30)	(210)	(218)
Finance costs, net	-	(1)	(2)	(2)	(2)
Profit/(loss) from discontinued operations before tax and gains/(losses) on disposals	**(20)**	**(8)**	**(31)**	**(4)**	**(7)**
Gains/(losses) on disposals	-	44	-	44	41
Tax effect	-	(2)	-	(2)	(2)
Profit/(loss) from discontinued operations	**(20)**	**34**	**(31)**	**38**	**32**

** These figures were not subject to a limited review by the Company's statutory auditors*

The loss from discontinued operations for the nine months ended September 30, 2009 is attributable to the disposals made prior to 2009, and the unfavourable evolution of the Innophos litigation.

For the nine months ended September 30, 2008, the impacts, and in particular the net gains on disposals, mainly related to the disposal of the Isocyanates businesses in September 2008.

Notes to the consolidated balance sheet

11. Goodwill

On February 27, 2009, Rhodia purchased 100% of the McIntyre Group Ltd, a global manufacturer of specialty surfactants. Based near Chicago and employing around 200 people, it has manufacturing facilities in the United States (Illinois) and Europe (UK), complemented by a global distribution network.

The allocation of the purchase price has been accounted for as follows:

(in millions of euros)		At September 30, 2009
Cost of the business combination (A):		74
Gross consideration	78	
Costs directly attributable to the acquisition	2	
Price adjustment	(6)	
Net assets acquired at fair value (B):		53
Property, plant and equipment	17	
Inventories and work-in-progress	10	
Acquired trade names	6	
Acquired technologies	6	
Customer relationships	17	
Other assets and liabilities	(3)	
GOODWILL (A) – (B)		21

The goodwill is attributable to McIntyre's profitability in its markets and the synergies expected from its integration in the Group. It is allocated to Novecare.

The business acquired from McIntyre has contributed €4.6 million to Rhodia's net result since February 27, 2009.

12. Cash and cash equivalents

12.1 Analysis by type

(millions of euros)	At September 30, 2009(*)	At December 31, 2008
Cash in banks	104	122
Cash equivalents	601	370
Total	**705**	**492**

** These figures were not subject to a limited review by the Company's statutory auditors*

At September 30, 2009, cash equivalents mainly include mutual funds, monetary notes and certificates of deposit with an initial maturity of less than 3 months.

12.2 Consolidated statement of cash flows

In the first half of 2009, discontinued operations contributed to net cash flows from operating activities in the amount of €(4) million. They did not contribute to net cash flows used by investing activities or net cash flows used by financing activities.

Paid interest costs on borrowings, net of interest received on cash and cash equivalents (including the impact of the interest rate hedge), totaled €64 million for the nine months ended September 30, 2009.

Income taxes paid in the first nine months ended September 30, 2009 totaled around €42 million.

13. Equity

13.1 Share capital and additional paid-in capital

At September 30, 2009, Rhodia's share capital totaled €1,213,044,816, comprising 101,087,068 shares with a par value of €12 each.

13.2 Dividends

No dividends were paid to the shareholders of Rhodia S.A. during the nine months ended September 30, 2009.

13.3 Translation reserve

The increase in the translation reserve attributable to equity holders of Rhodia S.A. amounted to €27 million for the nine months ended September 30, 2009, primarily due to the appreciation of the Brazilian real against the euro.

13.3 Treasury shares

Following the allotment of bonus shares to the beneficiaries of the 2007 A and B plans, there were a total of 1,128,954 treasury shares as of September 30, 2009.

13.4 Other movements

On March 16, 2009, the Rhodia Board of Directors approved new bonus share allotment plans for 173 beneficiaries (2 x 381,200 shares) subject to the conditions governing Rhodia's performance and the continued employment of the beneficiaries (see Note 19).

14. Borrowings

In September 2009, Rhodia completed the early redemption of its Floating Rate Notes for a nominal amount of €18 million, thus reducing the principal amount of its High Yield notes to €1,049 million. The redemption price was €16 million.

Analysis of borrowings by type

At September 30, 2009					
(in millions of euros)	**Amount at amortized cost (1)**	**Redemption value (2)**	**Amount at fair value (3)**	**Maturity**	**Effective rates before hedging (4) - (5)**
2004 USD senior notes	4	4	4	06/01/2010	10.25%
2004 EUR senior notes	1	1	1	06/01/2010	10.50%
Bilateral credit facilities	118	118	118	2009 - 09/2010	5% - 8%
Securitization of receivables (6)	43	43	43	2009	3.79%
Finance lease debt	2	2	2	2009 - 09/2010	3.10% - 3.56%
Other debt	15	15	15	2009 - 09/2010	< 6%
Accrued interest payable	14	14	14	-	-
Sub-total short term	**197**	**197**	**197**		
2006 EUR senior notes	1,034	1,049	934	10/15/2013	Euribor 3M + 2.75%
OCEANE	531	595	488	01/01/2014	6.29%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Bilateral credit facilities	67	67	67	2010-2012	5% - 8%
Finance lease debt	5	5	5	2010-2014	3.10% - 3.56%
Other debt	7	7	7	2010-2015	< 6%
Sub-total long term	**1,659**	**1,738**	**1,516**		
Total	**1,856**	**1,935**	**1,713**		

(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 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.
(6) The trade receivable securitization agreements will mature in 2010 with cash facilities renewable annually.

At December 31, 2008					
(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	141	141	141	2009	Euribor + 0.9% / Euribor + 2.5% / 7%
Securitization of receivables	37	37	37	2009	4.30% - 4.59%
Finance leases debts	4	4	4	2009	3.10% à 3.96%
Other debts	10	10	10	2009	< 6%
Accrued interest payable	27	27	27	-	-
Sub-total short term	**219**	**219**	**219**		
2006 EUR senior notes	1,048	1,067	536	15/10/2013	Euribor 3M + 2.75%
OCEANE	509	595	304	01/01/2014	6.29%
2004 USD senior notes	4	4	4	01/06/2010	10.25%
2004 EUR senior notes	1	1	1	01/06/2010	10.5%
Other notes	16	16	16	31/12/2011	Euribor 6M + 1.60%
Bilateral credit facilities	21	21	21	2010-2012	5.07% à 6.7%
Finance leases debts	4	4	4	2010-2014	3.10% - 3.96%
Other debts	9	9	9	2010-2015	< 6%
Sub-total long term	**1,612**	**1,717**	**895**		
TOTAL	**1,831**	**1,936**	**1,114**		

(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 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.
(6) The trade receivable securitization agreements will mature in 2010 with cash facilities renewable annually.

15. Financial risk management

15.1 Liquidity risk management

At September 30, 2009, Rhodia's liquidity position amounted to €1,254 million, compared to €1,036 million at December 31, 2008. This liquidity position includes an undrawn credit line of €543 million in connection with Rhodia's syndicated credit facility ("RCF").

The continuation of the RCF syndicated credit facility is subject to the compliance with certain financial covenants that are tested on a half-yearly basis. In order to maintain its liquidity until the RCF maturity on June 30, 2012, Rhodia renegotiated these covenants on April 3, 2009. At and prior to September 30, 2009, Rhodia had complied with all applicable financial covenants.

In addition, in order to maximize the return on its excess cash investments, Rhodia invested €50 million during the second quarter of 2009 in certificates of deposit (other current financial assets) with a 6-month-maturity on acquisition.

Finally, Rhodia has no significant short-term or non-renewable financial facilities.

15.2 UCITS and financial instruments risk management

Rhodia mainly invests its short-term investments with banks or financial institutions with S&P and Moody's ratings which are equal to or greater than A+ and Aa3, respectively (September 30, 2009 ratings).

Interest rate and foreign currency contracts are entered into with banks or financial institutions with S&P and Moody's ratings that belong to the Investment Grade category. In addition, most of these transactions as well as those with a maturity of more than one year are entered into with counterparties which have ratings from these agencies that are equal to or greater than A- and A2, respectively (September 30, 2009 ratings).

16. Retirement benefits and similar obligations

Compared to December 31, 2008, long-term interest rates fluctuated significantly in France, the United Kingdom and the United States, leading to a revaluation of the retirement obligations and other long-term employee benefits for the countries concerned.

The following discount rates were used:

	France	United Kingdom	United States
At September 30, 2009	**4.75%**	**5.50%**	**5.50%**
At December 31, 2008	**5.25%**	**6.40%**	**6.50%**

At the same time, in the United Kingdom, the long-term inflation rate increased from 2.45% at December 31, 2008 to 3.10% at September 30, 2009.

The fair value of the main plan assets was also revalued in the United Kingdom and the United States.

The changes in assumptions (discount and inflation rates) and the revaluation of plan assets had the following impacts at September 30, 2009:

(in millions of euros)	Change in assumptions	Revaluation of plan assets	Other
Actuarial gains and losses recognized in equity			
Actuarial gains/(losses) on retirement benefits and similar obligations	(236)	44	6
Obligations recognized in liabilities			
Retirement benefits	235	(44)	-
Other employee benefits	3	-	(6)
Income/(expenses) recognized in profit and loss			
Other employee benefits	(2)	-	-

These items mainly explain the increase in retirement obligations and similar benefits to €1,414 million at September 30, 2009, compared to €1,248 million at December 31, 2008.

17. Environmental provisions

Due to significant fluctuations in interest rates during the second quarter of 2009 in all zones except France, environmental provisions had been re-estimated at June 30, 2009. After review, the discount rates remained unchanged for the third quarter of 2009.

The discount rates used at September 30, 2009, determined by zone based on a risk-free rate (government bonds) and excluding inflation, are as follows:

	5 years	10 years	20 years
France	-	1.40%	-
Europe (excluding France)	-	1.90%	-
United Kingdom	0.80%	-	2.30%
United States	0.00%	1.00%	-
Brazil	6.60%	-	6.60%

At September 30, 2009, environmental provisions increased to €217 million, compared to €196 million at December 31, 2008, mainly due to the appreciation of the Brazilian real as well as several new immaterial provisions for various sites and the revision of future cash flows.

At September 30, 2009, there were no significant movements in contingent environmental liabilities estimated at €183 million at December 31, 2008.

18. Claims and litigation

During the nine months ended September 30, 2009, there were no new legal disputes or significant developments in litigation existing at December 31, 2008, except the following:

In a decision handed down on July 7, 2009, the Court of Cassation, France's highest court, rejected the appeal launched by Rhodia against the Paris Court of Appeal's ruling that confirmed the €750,000 fine imposed by the AMF Enforcement Committee, in a decision rendered on June 21, 2007.

In the litigation between Mexico's National Water Commission and Innophos (to which Rhodia sold the specialty phosphates business in 2004), the Mexican Federal Administrative and Fiscal Court rendered several decisions in favor of Innophos in August 2008 and March 2009 that were partially invalidated by the Circuit Court in January and September 2009. On October 27, 2009, the Mexican Federal Administrative and Fiscal Court rendered a new ruling, which did not this time favor Innophos.

Although this ruling will be appealed, Circuit Court's previous decisions in this case lead Rhodia to re-estimate the risk relating to this litigation at €16.3 million (including any fines and late interest penalties payable) and set aside a provision of this amount. Should that case be decided against Innophos, the New York courts had ruled that Rhodia should fully indemnify Innophos.

19. Share-based payment

On March 16, 2009, the Rhodia Board of Directors approved new bonus share allotment plans for 173 beneficiaries (2 X 381,200 shares) subject to the conditions governing Rhodia's performance and the continued employment of the beneficiaries. The terms and conditions of these plans are as follows:

	A Plans		B Plans	
	"2+2"	"4+0"	"2+2"	"4+0"
Number of shares	279,800	101,400	279,800	101,400
Number of beneficiaries	101	72	101	72
Grant date	March 16, 2009		March 16, 2009	
Vesting date	Minimum March 16, 2011	Minimum March 16, 2013	Minimum March 16, 2011	Minimum March 16, 2013
Holding period	Minimum March 16, 2013	-	Minimum March 16, 2013	-
Performance criteria	Generation of a positive Free cash flow, as presented in the consolidated financial statements of the Company for the year ended December 31, 2009.		Recurring EBITDA / net sales ratio (including CER activities) as presented in the consolidated financial statements of the Company for the year ended December 31, 2009, exceeding by 2 points the average ratio of a panel of competitors	
Validation of vesting conditions	Board of Directors		Board of Directors	

The expense recognized with respect to share subscription plans and bonus shares in the first nine months ended September 30, 2009 totaled €5.1 million. It includes €0.5 million for the cost of the new A and B plans (assumption under which the performance criteria of both plans will be met at December 31, 2009).

20. Subsequent events

No post closing event has occurred.