Rhodia

Consolidated financial statements

Year ended December 31, 2010

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A. Consolidated income statements

(in millions of euros)	Note	For the year ended December 31,	
		2010	2009
Net sales	**3**	**5,226**	**4,031**
Other revenue	3	383	446
Cost of sales		(4,335)	(3,684)
Administrative and selling expenses		(561)	(504)
Research and development expenditure		(82)	(73)
Restructuring costs	6	(5)	(33)
Other operating income	7	41	39
Other operating expenses	7	(65)	(62)
Operating profit	**3**	**602**	**160**
Finance income	8	103	87
Finance costs	8	(318)	(287)
Foreign exchange gains/(losses)	8	8	10
Share of profit/(loss) of associates	15	-	-
Profit/(loss) before income tax		**395**	**(30)**
Income tax expense	9	(128)	(71)
Profit/(loss) from continuing operations		267	(101)
Profit/(loss) from discontinued operations	10	(5)	(31)
Net profit/(loss) for the period		**262**	**(132)**
Attributable to:			
Equity holders of Rhodia S.A.		259	(132)
Non-controlling interests		3	-
Earnings per share (in euros)			
Continuing and discontinued operations			
- Basic	11	**2.55**	**(1.32)**
- Diluted		**2.52**	**(1.32)**
Continuing operations			
- Basic	11	**2.60**	**(1.01)**
- Diluted		**2.57**	**(1.01)**

B. Consolidated statement of comprehensive income

		For the year ended December 31,	
(in millions of euros)	**Note**	**2010**	**2009**
Net profit/(loss) for the period		**262**	**(132)**
Currency translation differences and other movements		103	47
Gains/(losses) arising from cash flow hedges of commodities	26	(12)	24
Gains/(losses) arising from cash flow hedges of interest rates	26	17	(11)
Gains/(losses) arising from cash flow hedges of foreign currency portfolios	26	(17)	43
Deferred tax on cash flow hedges		2	(9)
Actuarial gains/(losses) arising from retirement benefits and similar obligations	27	39	(328)
Deferred tax on actuarial gains/(losses)		3	1
Total other comprehensive income		**135**	**(233)**
Total comprehensive income		**397**	**(365)**
Attributable to:			
Equity holders of Rhodia S.A.		391	(365)
Non-controlling interests		6	-

C. Consolidated balance sheets

Assets

(in millions of euros)	Note	At December 31, 2010	At December 31, 2009
Property, plant and equipment	12	1,560	1,458
Goodwill	13	420	215
Other intangible assets	14	328	193
Investments in associates	15	12	12
Other non-current financial assets	17	135	118
Deferred tax assets	18	168	170
Non-current assets		**2,623**	**2,166**
Inventories	19	627	475
Income tax receivable		29	26
Trade and other receivables	20	910	692
Derivative financial instruments	26	90	113
Other current financial assets	21	34	100
Cash and cash equivalents	22	782	691
Assets classified as held for sale	10	36	3
Current assets		**2,508**	**2,100**
TOTAL ASSETS		**5,131**	**4,266**

Equity/(deficit) and liabilities

(in millions of euros)	Note	At December 31, 2010	At December 31, 2009
Share capital	23	105	1,213
Additional paid-in capital	23	1,290	138
Other reserves		303	213
Deficit		(2,006)	(2,299)
Equity deficit attributable to equity holders of Rhodia S.A.		**(308)**	***(735)***
Non-controlling interests		20	16
Total equity deficit		**(288)**	**(719)**
Borrowings	24	1,672	1,655
Retirement benefits and similar obligations	27	1,419	1,459
Provisions	28	425	370
Deferred tax liabilities	18	62	28
Other non-current liabilities		27	36
Non-current liabilities		**3,605**	**3,548**
Borrowings	24	338	165
Derivative financial instruments	26	94	115
Retirement benefits and similar obligations	27	91	94
Provisions	28	132	160
Income tax payable		40	16
Trade and other payables	29	1,113	887
Liabilities associated with assets classified as held for sale	10	6	-
Current liabilities		**1,814**	**1,437**
TOTAL EQUITY/(DEFICIT) AND LIABILITIES		**5,131**	**4,266**

D. Consolidated statements of cash flows

(in millions of euros)	For the year ended December 31,	
	2010	**2009**
Net profit/(loss) for the period attributable to equity holders of Rhodia S.A.	**259**	**(132)**
Adjustments for:		
Non-controlling interests	3	-
Depreciation and impairment of non-current assets	277	284
Net increase/(decrease) in provisions	(24)	41
Impairment of non-current financial assets	3	(3)
Other income and expense	63	36
Gain/(loss) on disposal of non-current assets	(9)	(12)
Deferred tax expense/(income)	26	(5)
Foreign exchange losses	4	29
Net cash flow from operating activities before changes in working capital	**602**	**238**
Changes in working capital		
• (Increase)/decrease in inventories	(111)	231
• (Increase)/decrease in trade and other receivables	(83)	89
• Increase/(decrease) in trade and other payables	65	(134)
• Increase/(decrease) in other current assets and liabilities	21	122
Net cash flow from operating activities before margin calls	**494**	**546**
Margin calls (1)	9	(9)
Net cash flow from operating activities	**503**	**537**
Purchases of property, plant and equipment	(234)	(167)
Purchases of other non-current assets	(36)	(24)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	8	11
Purchases of entities, net of cash acquired	(276)	(76)
(Purchases)/repayments of loans and financial investments	56	(66)
Net cash flow used by investing activities	**(482)**	**(322)**
Proceeds from issued shares, net of costs	38	-
Treasury share purchase costs	-	(2)
Dividends paid	(19)	(4)
New non-current borrowings, net of costs	811	55
Repayments of non-current borrowings, net of costs	(822)	(80)
Net increase/(decrease) in current borrowings	36	(24)
Net cash flow from/(used by) financing activities	**44**	**(55)**
Effect of foreign exchange rate changes	**26**	**39**
Net increase/(decrease) in cash and cash equivalents	**91**	**199**
Cash and cash equivalents at the beginning of the year	691	492
Cash and cash equivalents at the end of the year	782	691

(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.

Interest and income tax paid are presented in Note 22.2.

E. Consolidated Statement of changes in equity

(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
			Other reserves							
At January 1, 2010	**1,213**	**138**	**7**	**156**	**58**	**(8)**	**(2,299)**	**(735)**	**16**	**(719)**
Dividends	-	6	-	-	-	-	(25)	**(19)**	(2)	**(21)**
Share capital increase/ (decrease)	(1,108)	1,146	-	-	-	-	-	**38**	-	**38**
Total comprehensive income	-	-	(12)	100	-	-	303	**391**	6	**397**
Other changes (1)	-	-	-	-	-	2	15	**17**	-	**17**
At December 31, 2010	**105**	**1,290**	**(5)**	**256**	**58**	**(6)**	**(2,006)**	**(308)**	**20**	**(288)**

(1) Including free shares for €9.9 million (see Note 34)

(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
			Other reserves							
At January 1, 2009	**1,213**	**138**	**(49)**	**109**	**40**	**(14)**	**(1,812)**	**(375)**	**19**	**(356)**
Appropriation of earnings	-	-	-	-	18	-	(18)	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	**-**	(1)	**(1)**
Total comprehensive income	-	-	56	47	-	-	(468)	**(365)**	-	**(365)**
Other changes (1)	-	-	-	-	-	6	(1)	**5**	(2)	**3**
At December 31, 2009	**1,213**	**138**	**7**	**156**	**58**	**(8)**	**(2,299)**	**(735)**	**16**	**(719)**

(1) Including free shares for €6 million

F. Notes to the consolidated financial statements

1. The Group and its business

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 consolidated financial statements were approved on February 22, 2011 by the Board of Directors.

2. Principal accounting methods

2.1. Accounting standards

The Group's consolidated financial statements for the year ended December 31, 2010 were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union and applicable as from December 31, 2010. These standards include international accounting standards (IAS and IFRS) and Interpretation Committee interpretations (SIC and IFRIC).

The IFRS adopted by the European Union can be found on the website of the European Commission (EC) at the following address:
htpp://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

These consolidated financial statements are also consistent with the IFRS issued by the IASB (International Accounting Standards Board) and applicable as from December 31, 2010.

2.2. Basis of preparation for the consolidated financial statements

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company. Amounts are rounded up to the nearest million.

The Group's consolidated financial statements were prepared on a historical cost basis, with the exception of derivatives and financial assets held for trading or classified as available for sale, which are measured at fair value.
Non-current assets and groups of assets held for sale are measured at the lower of their net carrying amount and fair value, less costs to sell.

The preparation of the 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. The areas for which the estimates and assumptions are material with regard to the consolidated financial statements are presented in the following notes:

- Measurement of the recoverable amount of non-current assets (Notes 5, 13 and 14)
- Deferred tax assets and liabilities (Note 18)
- Risk management and derivatives (Note 26)
- Retirement benefits and similar obligations (Note 27)
- Provisions (Note 28)

The accounting methods outlined below have been consistently applied to all the periods presented in the consolidated financial statements. Pursuant to Article 28.1 of EC regulation no. 809/2004 of April 29, 2004, the consolidated financial statements for the year ended December 31, 2008 will be incorporated by reference into the 2010 reference document filed by Rhodia with the AMF. Hence, the financial statements for the year ended December 31, 2010 do not present any comparative data for fiscal year 2008.

Standards, interpretations and amendments applicable as from 2010

IFRS 3 revised *Business Combinations* was applied for the acquisition of Feixiang Chemicals in November 2010.

IFRIC 18 *Transfers of Assets from Customers*, applied prospectively to asset transfers received from customers as from January 1, 2010, applies to the recognition of transfers of property, plant and equipment by entities which receive such transfers from their customers. Insofar as Rhodia already applied a similar recognition method, this standard had no material impact on the consolidated financial statements.

No other standards, interpretations and amendments to standards adopted by the European Union and applicable as from 2010 had an impact on the consolidated financial statements.

Standards, interpretations and amendments to standards already published, but not yet applicable in 2010

According to the Group, the other standards, interpretations and amendments already adopted by the European Union but not yet applicable to the year ended December 31, 2010 will have no impact on the consolidated financial statements.

2.3. Consolidation principles

Subsidiaries

Subsidiaries are those companies over which Rhodia exercises control directly or indirectly, i.e. it has the power to govern the financial and operating policies so as to obtain benefits from their activities. Rhodia is presumed to exercise control when it acquires, directly or indirectly, more than 50% of voting rights. To assess this control, potential voting rights that are immediately exercisable or convertible held by Rhodia and its subsidiaries are taken into consideration.

Special purpose entities that are, in substance, controlled by Rhodia and in which the Group does not have an equity investment are considered as subsidiaries. Rhodia may, under trade receivable securitization programs, use special purpose entities such as dedicated mutual funds.

Joint ventures

The companies over which Rhodia exercises a joint control in accordance with contractual arrangements are proportionately consolidated. The consolidated financial statements include the Group's share in the assets, liabilities, income and expenses of these companies.

Associates

Associates are those companies over which Rhodia exercises significant influence, but not control, with generally an investment representing between 20% and 50% of voting rights. They are initially recognized at cost under the equity method. The carrying amount of the investment is then increased (decreased) to recognize the share of the profit (loss) of the associate after acquisition.

When a change is recognized directly in the other comprehensive income of the associate, the Group recognizes its share directly in its other comprehensive income.

Subsidiaries, joint ventures and associates are included in the financial statements as from the date of obtaining control or significant influence. They are excluded from the financial statements as from the date of losing control or significant influence. Any investments in a joint venture or associate meeting the criteria as "held for sale" in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* are classified as non-current assets held for sale (see Note 2.26)

In the event of impairment, the Group determines the recoverable amount of its net investment in the associate and recognizes an impairment loss should its equity carrying value exceed such amount.

Transactions eliminated in the consolidated financial statements

Transactions between subsidiaries are fully eliminated. Transactions with joint ventures are eliminated to the extent of the investment reflected in the consolidated financial statements.

Unrealized gains arising from intra-Group transactions are eliminated in the same way as unrealized losses unless they represent an impairment loss. Unrealized gains and losses arising from transactions between the Group and its joint ventures or associates are eliminated in proportion to the Group's investment in these entities.

2.4. Translation of the transactions and financial statements of foreign companies

Translation of foreign currency transactions

The functional currency of the Group's entities is generally the local currency. Foreign currency transactions are translated in their functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency are translated at the closing rate. The corresponding exchange differences are recognized in finance income or costs.

The exchange differences relating to loans and borrowings with a foreign subsidiary, which, in substance, form part of the net investment in the subsidiary, are recognized directly in equity, until the disposal of the net investment when they are recognized in profit or loss.

Translation of the financial statements of foreign entities

The financial statements of the Group's foreign entities, whose functional currency is not the euro, are translated as follows:

- Assets and liabilities (including goodwill and fair value adjustments on the date of acquisition) are translated at the official closing rates;
- Income and expenses are translated at the average rate for the period which, excluding major exchange rate fluctuations, is considered as similar to the exchange rates at the date of the transactions;
- All resulting exchange differences are recognized directly in equity.

In 2010, the economy of Venezuela continued to be qualified as hyperinflationary. Insofar as the Group's investments and activities in this country are insignificant, the accounting practices for hyperinflationary economies set forth in IAS 29 *Financial Reporting in Hyperinflationary Economies* were not adopted at December 31, 2010.

2.5. Greenhouse gas emission allowances and Certified Emission Reductions

With respect to the mechanism set up by the European Union to encourage manufacturers to reduce their greenhouse gas emissions, Rhodia was granted carbon dioxide (CO_2) emission allowances for some of its installations. Rhodia is also involved in Clean Development Mechanism (CDM) and Joint Implementation (JI) projects placed under the authority of the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. Under these projects, Rhodia has deployed facilities in order to reduce greenhouse gas emissions at the relevant sites in return for Certified Emission Reductions (CER) or Emission Reduction Units (ERU).

Treatment of European Union Allowances (EUA)

These allowances are granted each year under the national allocation plans with an initial trading period of three years beginning January 1, 2005, and the second trading period of 5 years beginning January 1, 2008. During the second period, the allowances are delivered free of charge and are valid over the entire trading period if not used. Allowances may be freely traded upon allocation and may be purchased or sold, especially if too few or too many allowances are allocated with respect to actual emissions.

In the absence of specific IFRS guidance, Rhodia recognizes emission allowances using the following method:

- Initial recognition: the allocated emission allowances, measured at market value at January 1, are recognized as other intangible assets in consideration of a government grant recognized in liabilities;

- Subsequent recognition: the grant is recognized in the income statement on a straight-line basis over the year (in the absence of seasonal discharges). In addition, a liability corresponding to the allowances to be surrendered is recognized for the actual gas emissions, with the related expense being recognized in the income statement. This liability is measured at the initial value of allowances allocated or purchased and, where necessary, at market value up to the number of allowances missing at the closing date over the number of allowances to be surrendered. Excess allowances maintained in assets are tested for impairment annually and more frequently should there be indications of impairment;

- Allowances surrendered for the emissions for the period: at the effective date of surrender, the intangible asset and the corresponding liability are derecognized;

- Sales of allowances: the gains or losses arising on the sale of allowances are recognized in the income statement under cost of sales.

Treatment of Certified Emission Reductions (CER)

Under the CDM projects, Rhodia has deployed facilities in order to reduce the greenhouse gas emissions at its Onsan (South Korea) and Paulinia (Brazil) sites. Upon verification by independent experts, should these emissions fall below the benchmark levels set by the UNFCCC, Rhodia receives Certified Emission Rights (CER) which are freely transferable. As part of the development of Rhodia Energy Services and to organize the sale of the CERs arising from the two projects, Rhodia has entered into a partnership with Société Générale Energie, a Société Générale subsidiary, comprising a joint venture, Orbeo.

Allocated CERs are recognized in inventories at the lower of cost and net realizable value. The cost of allocated CERs mainly corresponds to the amortization of gas emission reduction units.

The CER sales realized between participants in CDM projects and in organized markets are recognized in net sales upon delivery of the CERs, i.e. when they are recorded in the account of the transferee in the UNFCCC register.

In connection with the JI, Rhodia has set up in France similar, but smaller-sized projects aiming at obtaining ERUs. ERU recognition is identical to CER recognition.

In order to manage exposure to future CER price fluctuations, Rhodia has set up forward CER sales contracts, with or without guarantee of delivery. Based on their characteristics, when these contracts represent derivatives within the meaning of IAS 39 *Financial Instruments: recognition and measurement*, they are recognized and measured according to the rules described in Note 2.16. Otherwise, they represent off-balance sheet commitments.

Treatment of Orbeo’s activities

In addition to selling CERs on behalf of the two shareholders, the Orbeo joint venture is involved in developing CO_2 instrument trading, arbitrage and hedging activities, and developing the “Origination” activity. The net income or expense from these activities is recorded, for Rhodia’s share (50%), after elimination of intra-Group transactions:

- in net sales or cost of sales for the “industrial” component, where Orbeo sells the CERs generated by Rhodia;
- in “other operating income” or “other operating expenses” for the “trading” component, where Orbeo purchases / sells CERs and EUAs;
- in “other operating income and expenses” for the “Origination” component.

The margin calls relating to the derivative instruments contracted by Orbeo are recognized in Other current financial assets in respect of guarantee deposits paid, and in Borrowings in respect of guarantee deposits received.
Cash flow movements arising from these margin calls have been isolated in a separate line in the Consolidated Statements of Cash Flows under Net cash flow from operating activities.

The contracts making up the Origination activity, which consists of forward purchases of carbon credits not yet generated, are recognized as financial instruments: each purchase contract gives rise to an analysis of the main project

features (industrial, legal, administrative, counterparty), in order to determine a series of probability-based credit amounts receivable per period. The value of the "origination" contract portfolio is the sum of the probability-based amounts multiplied by the corresponding credit market prices, with the following reservation: no value is recognized for CER projects prior to their registration with the United Nations, for ERU projects prior to the initial credit delivery and for all voluntary ("VER") projects.

2.6. Property, plant and equipment

Initial recognition

The property, plant and equipment owned by Rhodia are recognized as assets at acquisition cost when the following criteria are satisfied:

- It is probable that the future economic benefits associated with the asset will flow to Rhodia;
- The cost of the asset can be reliably measured.

Items of property, plant and equipment are carried on the balance sheet at cost less accumulated depreciation and impairment. The cost of an item of property, plant and equipment comprises its purchase or production price and any costs directly attributable to the location and condition necessary for its operation, including, where necessary, the interim interest accrued during the construction period.

The components of an item of property, plant and equipment with different useful lives are recognized separately.

Items of property, plant and equipment are derecognized from the balance sheet on disposal or discontinuation. The gain or loss arising from the derecognition of an item of property, plant and equipment is recognized in profit or loss for the period of derecognition.

Subsequent expenditure

Subsequent expenditure incurred for the replacement of a component of an item of property, plant and equipment is only recognized as an asset when it satisfies the general criteria mentioned above.

The carrying amount of replaced items is derecognized.
Repair and maintenance costs are recognized in the income statement as incurred.

On account of its industrial activity, Rhodia incurs expenditure for major repairs over several years for most of its sites. The purpose of this expenditure is to maintain the proper working order of certain installations without altering their useful life. This expenditure is considered as a specific component of the item of property, plant and equipment and is amortized over the period during which the economic benefits flow, i.e. the period between the major repairs.

Depreciation

Land is not depreciated. Other items of property, plant and equipment are depreciated using the straight-line method over the estimated useful life. The estimated useful lives are as follows:

Buildings	10 – 40 years
Plant and equipment:	
Machinery and equipment	5 – 15 years
Other equipment	3 – 15 years
Vehicles	4 – 20 years
Furniture	10 – 15 years

The residual values and useful lives are reviewed and, where necessary, adjusted annually or when there are permanent changes in operating conditions.

Dismantling costs

Dismantling and restoration costs are included in the initial cost of an item of property, plant and equipment if the Group has a legal or constructive obligation to dismantle or restore.
Generally, Rhodia does not have any current, legal or constructive obligation to dismantle and/or restore its operating sites in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*, as such obligation is only likely to arise upon the discontinuation of a site's activities. To date, Rhodia has not therefore set aside any provisions for dismantling costs or recognized the components relating to the dismantling of its operating installations.
However, the costs of dismantling discontinued sites or installations are provided when there is a legal obligation (due to a request or injunction from the relevant authorities), or there is no technical alternative to dismantling to ensure the safety compliance of the discontinued sites or installations.

Property, plant and equipment acquired under finance leases

Leases, including those falling within the scope of IFRIC 4 *Determining whether an arrangement contains a lease*, are considered as finance leases if they transfer substantially to Rhodia all the risks and rewards inherent to the ownership of the leased assets with the characteristics of an acquisition. An asset acquired by the Group under a finance lease is recognized at fair value at the lease inception date, or if lower, the present value of the minimum lease payments. The corresponding debt is recognized in borrowings. The recognized asset is depreciated using the method described above.

Government grants

Government grants which cover totally or partially the cost of an item of property, plant and equipment are deducted from the acquisition cost and transferred on a systematic basis to the income statement over the useful life of the assets.

2.7. Goodwill and business combinations

The acquisition method is used to account for the acquisition of subsidiaries, joint ventures and investments in associates. Goodwill is the excess of the consideration transferred over the share acquired by the Group in the fair value of the entity's net identifiable assets at the acquisition date. The consideration transferred is measured at fair value. It corresponds to the sum of the fair values of the assets transferred and liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The identifiable assets acquired and liabilities assumed in a business combination are initially measured at their acquisition-date fair values. If the fair value of the Group's interest in the net assets of the acquired subsidiary exceeds the cost of the acquisition, the difference is recognized directly in profit or loss. The identification and measurement of acquired assets and liabilities are finalized within a period of one year as from the acquisition date. Acquisition costs are expensed in the period.

Goodwill arising from the acquisition of an investment in an associate is included in the carrying amount of the investment. Goodwill is tested for impairment annually or more frequently when events or changes in circumstances indicate a possible impairment (see Note 2.9).

2.8. Other intangible assets

Research and development

Research expenditure is expensed as incurred.

Development expenditure arising from the application of research findings to a plan or design for the production of new or substantially improved products and processes is recognized as an intangible asset when the Group can demonstrate:

- its intention and financial and technical ability to complete the development of the asset;
- how the intangible asset will generate probable future economic benefits for the Group; and
- the cost of the asset can be reliably measured.

Capitalized expenditure comprises employee expenses, the cost of materials and services directly attributed to the projects, and an appropriate share of overheads including, and where necessary, the interim interest accrued. It is amortized once the relevant products are sold or the relevant industrial processes are used over the estimated term of the economic benefits expected to flow from the project. The expenditure is tested for impairment if there is indication of a loss in value and annually for projects in the course of development (see Note 2.9).

Development expenditure which does not satisfy the above conditions is expensed as incurred.

Other intangible assets

Other intangible assets are carried at cost in the balance sheet including, where necessary, the interim interest accrued during the development period, less accumulated depreciation and impairment losses. They mainly concern patents, trademarks and software.
The expenditure incurred by the Group for the development of software intended for its own use is capitalized when the economic benefits expected to flow from the use of the software over one year exceeds its cost.
Subsequent expenditure on intangible assets is capitalized only if it increases the future economic benefits associated with the specific asset. Other expenditure is expensed as incurred.

Intangible assets with finite useful lives are amortized using the straight-line method over their expected period of use. Amortization methods and useful lives are reviewed periodically. The estimated useful lives are as follows:

- Patents and trademarks: 25 years on average;
- Software: 3 to 5 years;
- Development expenditure: 5 to 15 years.

2.9. Impairment of property, plant and equipment, goodwill and other intangible assets

Impairment is tested annually and more frequently if there are indications of a loss in value for goodwill, intangible assets in the course of development, and only if there is an indication of a loss in value for items of property, plant and equipment and intangible assets with finite useful lives.

To test impairment, assets are grouped in cash-generating units (CGUs), in accordance with IAS 36 *Impairment of assets*. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill is tested for groups of CGUs that benefit from the synergies resulting from the business combinations that gave rise to the goodwill.

These tests consist in comparing the carrying amount of the assets with their recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a CGU or group of CGUs. The discount rate used reflects the current market assessments of the time value of money and the risks specific to the asset, CGUs or groups of CGUs tested. In absence of a rate specific to the asset tested, the rate used is calculated using the average cost of capital.

The discount rates are post-tax rates applied to post-tax cash flows. Their use results in the calculation of recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36.

An impairment loss is recognized in the income statement where the carrying amount of a CGU or group of CGUs exceeds its recoverable amount. The impairment loss is first recognized for the goodwill allocated to the CGU or groups of CGUs tested and then to the other assets of the CGU or group of CGUs on a pro rata basis to their carrying amount.

This allocation should not reduce the carrying amount of an individual asset below the higher of its fair value, value in use or zero.

Impairment losses recognized for goodwill cannot be reversed, contrary to the impairment of property, plant and equipment and other intangible assets. For the reversal of an impairment loss, the carrying amount of the asset should not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. After recognition of an impairment loss or a reversal of an impairment loss, the subsequent depreciation (amortization) charge is calculated to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

2.10. Non-derivative financial assets

Initial recognition

Purchases and sales of financial assets are recognized at the date of transaction on which Rhodia is committed to the purchase or sale of the assets.
A financial asset is derecognized once the Group's contractual rights to receive the future cash flows from the asset have expired or the Group has transferred the financial asset to a third party without retaining control or substantially all the risks and rewards.

At initial recognition, the financial assets are carried in the balance sheet at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except for the class of financial assets measured at fair value through profit or loss for which such transaction costs are recognized in profit or loss).

A financial asset is classified as current when the cash flows expected to flow from the instrument mature within one year.

Subsequent recognition

At initial recognition, Rhodia classifies financial assets into one of the four categories provided in IAS 39 *Financial Instruments: recognition and measurement* according to the purpose of the acquisition. This classification determines the method for measuring financial assets at subsequent balance sheet dates: amortized cost or fair value.

Amortized cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

For instruments quoted in an active market, the fair value corresponds to a market price (level 1). For instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving instruments which are substantially the same (level 2), or discounted cash flow analysis including, to a maximum extent, assumptions consistent with observable market data (level 3). However, if the fair value of an equity instrument cannot be reasonably estimated, it is measured at cost.

Financial assets at fair value through profit or loss

These are financial assets classified as held for trading that the Group has acquired principally for the purpose of selling in the near term. They are measured at fair value and subsequent changes in fair value are recognized in profit or loss.

Financial assets at fair value on option through profit or loss include cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. They are measured at amortized cost.

This category includes operating receivables, deposits and guarantees and loans. These assets are classified in the balance sheet as non-current financial assets or other current financial assets if the repayment schedule is less than one year (at origination) and the asset does not meet the definition of a cash equivalent. Operating receivables are classified in the balance sheet as trade and other receivables.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that Rhodia has the positive intention and ability to hold to maturity. They are measured at amortized cost.

Available-for-sale financial assets

These are non-derivative financial assets that are designated as available-for-sale or not classified under another category. They are measured at fair value, with subsequent changes in fair value recognized directly in other comprehensive income.

This category includes, among others, non-consolidated investments.

Impairment of financial assets (excluding financial assets at fair value through profit and loss)

A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and such events have a negative impact on the estimated future cash flows of the financial asset or group of financial assets.

The impairment loss of a financial asset measured at amortized cost is equal to the difference between the carrying amount and the estimated future cash flows, discounted at the initial effective interest rate. The impairment of an available-for-sale financial asset is calculated with reference to its current fair value.
An impairment test is performed, on an individual basis, for each material financial asset. Other assets are tested as groups of financial assets with similar credit risk characteristics.

Impairment losses are recognized in profit and loss. With respect to available-for-sale assets, in the event of an impairment loss, the cumulative negative changes in fair value previously recognized in equity are transferred to profit and loss.

The impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment was recognized. For financial assets measured at amortized cost and available-for-sale financial assets which represent debt instruments, the reversal is recognized in profit or loss. For available-for-sale financial assets which represent equity instruments, the reversal is recognized directly in equity. Impairment losses relating to assets recognized at cost cannot be reversed.

2.11. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined by using the weighted average cost or first-in, first-out (FIFO) method. Inventories having a similar nature are measured using the same cost formula.

Finished goods and work-in-progress are measured at the cost of production which takes into account, in addition to the cost of raw materials and supplies, the costs incurred in bringing the inventories to their present location and condition and an allocation of overheads excluding administrative overheads. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12. Non-current assets and liabilities held for sale

Non-current assets (or groups of assets and liabilities) held for sale are classified separately in the balance sheet under Assets held for sale and Liabilities associated with assets held for sale and are measured at the lower of net carrying amount and fair value less costs to sell.

They are no longer depreciated (amortized) when classified in this category.

2.13. Current and deferred tax

Current tax is the amount of income taxes payable in respect of the taxable profit for a period. It also includes the adjustments in current tax for previous periods.

Deferred taxes are calculated by tax entity using the balance sheet liability method, for the temporary differences between the carrying amount of assets and liabilities and their tax base, as well as for the carryforward of unused tax losses and tax credits to the extent that it is probable that taxable profits will be sufficient to recover future tax payables.

The following items do not give rise to the recognition of deferred tax:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit; and
- temporary differences associated with investments in subsidiaries and interests in joint ventures insofar as they will not reverse in the foreseeable future.

The measurement of deferred tax assets and liabilities is based on how the Group expects to recover or settle the carrying amount of the assets and liabilities, by using, under the liability method, tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized or maintained in assets only where it is probable that the tax entity will have future taxable income to which the asset can be allocated.

Deferred tax assets and liabilities are offset for each tax entity when permitted by law.

2.14. Cash and cash equivalents

Cash and cash equivalents comprise cash funds, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.15. Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at the fair value of the amount required to settle the associated obligation, net of related costs. Subsequently (insofar as they are not designated as liabilities at fair value through profit or loss), these financial liabilities are recognized at amortized cost using the effective interest rate method (as defined in Note 2.10).

This heading also includes the “debt” component of compound financial instruments. The compound financial instruments issued by the Group comprise bonds convertible or exchangeable for new or existing shares (OCEANE). An OCEANE is a compound financial instrument which grants the bondholder the option to convert and/or exchange a bond for a fixed number of Rhodia shares. On initial recognition, the total fair value of the compound instrument is allocated between its “debt” and “equity” components. The fair value of the “debt” component is calculated by discounting future flows at the interest rate obtained by Rhodia for a similar bond with no conversion or exchange option. The “equity” component corresponds to the difference between the total fair value of the compound instrument and the fair value of the “debt” component. The value allocated to the conversion option remains the same over the term of the bond. The “debt” component is subsequently measured at amortized cost using the effective interest rate method. Issue costs are allocated proportionately to the “debt” and “equity” components.

In the balance sheet, non-derivative financial liabilities are classified under “Borrowings” and “Trade and other payables” (with the distinction made between the current and non-current portions).

2.16. Risk management and derivatives

The Group uses derivatives (interest rate swaps and options, currency futures, commodity options and swaps and energy purchase and sale contracts) to hedge its exposure to foreign exchange, interest rate and commodity risk arising from its operating, financing and investing activities. Derivatives are initially recognized at fair value and subsequently remeasured at fair value on each balance sheet date. Changes in fair value are recognized in the income statement under financial income or expenses for derivative financial instruments hedging financial items, and under other operating income or expenses for instruments hedging operating items, except in certain cases when hedge accounting is applicable:

- Cash flow hedges: the change in the fair value of the effective portion of the derivative is recognized directly in equity. It is reclassified to profit or loss under a heading corresponding to the hedged item when the item is recognized in profit or loss or the Group no longer expects the hedged transaction to be realized. The change in the value of the ineffective portion of the derivative is recognized directly in financial income or expenses for hedges of financial items, and in other operating income or other operating expenses for hedges of operating items. When the expected transaction gives rise to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognized in equity are included in the initial measurement of the asset or liability;

- Fair value hedge: the change in the fair value of the derivative is recognized in profit or loss under the same heading as the change in fair value of the hedged item for the portion attributable to the hedged risk.

2.17. Provisions for retirement obligations and other long-term employee benefits

The Group's employees are offered various post-employment and other long-term employee benefits as a result of legislation applicable in certain countries and the contractual agreements entered into by the Group with its employees. These benefits are classified under defined benefit or defined contribution plans.

(a) Defined contribution plans

Defined contribution plans involve the payment of contributions to a separate entity, thus releasing the employer from any subsequent obligation, as the entity is responsible for paying the amounts due to the employee. Once the contributions have been paid, no liability is shown in the Rhodia financial statements.

(b) Defined benefit plans

Defined benefit plans concern all plans other than defined contribution plans. Rhodia is required to provide for the benefits to be paid to active employees and pay those for former employees. Actuarial and/or investment risks fall, in substance, upon the Group.

These plans mainly concern:

- retirement benefits: pension plans, termination benefits, other retirement obligations and supplemental benefits;
- other long-term employee benefits: long-service benefits granted to employees according to their seniority in the Group;
- other employee benefits: post-employment medical care, included in "Other employee benefits" in the balance sheet.

Taking into account projected final salaries (projected unit credit method) on an individual basis, post-employment benefits are measured by applying a method using assumptions involving the discount rate, expected long-term return on plan assets specific to each country, life expectancy, turnover, wages, annuity revaluation, medical cost inflation and discounting of sums payable. The assumptions specific to each plan take into account the local economic and demographic contexts.

The amount recorded under retirement obligations and other long-term employee benefits corresponds to the difference between the present value of future obligations and the fair value of the plan assets intended to hedge them, less, where necessary, any unamortized past service cost (except regarding other long-term employee benefits for which the past service cost is immediately recognized in profit or loss). If this calculation gives rise to a net commitment, an obligation is recorded in liabilities. If the measurement of the net obligation gives rise to a surplus for the Group, the asset recognized for this surplus is limited to the net total of any unrecognized past service cost and the present value of any future plan refunds or any reduction in future contributions to the plan.

Rhodia has adopted the policy of recognizing the actuarial gains and losses on commitments or assets relating to post-employment benefits and arising from experience adjustments and/or changes in actuarial assumptions directly in equity in the period in which they occur in consideration for the increase or decrease in the obligation. They are presented in the statement of comprehensive income.

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

The interest expenses arising from the reverse discounting of retirement benefits and similar obligations and the financial income from the expected return on plan assets are recognized in profit or loss from financial items.

The amendment or introduction of a new post-employment or other long-term benefit plan may increase the present value of the defined benefit obligation for services rendered in previous periods, otherwise known as past service cost. This past service cost is recognized in profit or loss on a straight-line basis over the average period until the corresponding benefits are vested by employees. The benefits vested upon adoption or amendment of the plan are immediately recognized in profit or loss.

The actuarial calculations of retirement obligations and other long-term benefits are performed by independent actuaries.

2.18. Share-based payment

Rhodia has set up various compensation plans for employees offering free shares, preferential stock subscription and stock purchase and subscription options.

The fair value of services rendered by employees in consideration for the granting of shares or options represents an expense. This expense is recognized on a straight-line basis in the income statement over the vesting periods relating to these shares or options with the recognition of a corresponding adjustment in equity.

The fair value of services rendered is measured in reference to the fair value of the shares or options on the grant date. Where appropriate, the cost of the non-transferability of shares by the holder, determined using observable market data on the grant date and the specific market characteristics of the Rhodia share, is taken into account.

At each balance sheet date, the Group re-estimates the number of shares or options likely to be vested. The impact of the revised estimates is recognized in profit or loss against a corresponding adjustment in equity.

2.19. Provisions

A provision is recognized when Rhodia has a legal or constructive obligation as a result of a past event, which can be reliably measured, and whose settlement is expected to result in an outflow of economic resources for Rhodia.

Provisions are discounted in order to take into account market assessments of the time value of money using risk free rates net of inflation and specific to the relevant geographical areas. The impact of interest rate fluctuations and changes to estimated future cash flows is recognized in other operating expenses in the income statement. The interest expense (reverse discounting) is recognized in finance costs in the income statement.

Environmental liabilities

Rhodia periodically analyzes all its environmental risks and the corresponding provisions. Rhodia measures these provisions to the best of its knowledge of applicable regulations, the nature and extent of the pollution, clean-up techniques and other available information.

Restructuring

Restructuring comprises all measures designed to permanently adapt structures, production and employees to economic changes. A provision for restructuring is recognized when the Group has approved a detailed formal plan and has either started to implement the plan, or announced its main features to the public.

2.20. Net sales and other revenue

Net sales and other revenue are measured at the fair value of the consideration received or receivable, net of returns, rebates and trade benefits granted and sales tax.

Net sales comprise the sales of goods (goods and goods for resale) and value-added services corresponding to Rhodia's know-how.

Other revenue primarily includes commodity and utility trading transactions and other revenue deemed as incidental by the Group (e.g. temporary contracts following the sale of businesses)

Net sales and other revenue are recognized when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods or, with respect to the rendering of services, the stage of completion can be measured reliably;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the future economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.21. Restructuring costs

Restructuring costs include severance pay, compensation for the early termination of operating leases and all exit costs arising from restructurings, including impairment losses recognized on discontinued assets due to the closure of a site or operation. They are recognized net of reductions in employee benefits already accrued, in case of loss of these benefits by employees.

2.22. Other operating income and other operating expenses

Other operating income (other operating expenses) mainly comprise:

- the gains and losses on disposal of non-current assets where they do not relate to operations sold or for sale which are disclosed under Profit or loss from discontinued operations in the income statement;
- in addition to "Orbeo's trading activities" (see Note 2.5 *Treatment of Orbeo's activities*), positive (negative) changes in fair value of derivative instruments not designated for the hedging of operating items, and positive (negative) changes in fair value corresponding to the ineffective portion of the derivative for hedges of operating items;
- other material operating income (operating expenses) resulting from unusual events and likely to distort the analysis and comparability of the Group's performance.

2.23. Operating profit or loss

Operating profit or loss corresponds to all income and expenses not arising from financing activities, associates, discontinued operations and income tax.

2.24. Finance income and costs

Finance costs comprise the interest on borrowings calculated using the effective interest rate method, the systematic amortization of transaction costs relating to credit lines, borrowing prepayment or credit line cancellation costs and the cost of the reverse discounting of non-current non-financial liabilities.

Finance income comprises the expected return on plan assets, cash income and dividends.

Net foreign exchange gains or losses and the changes in fair value of derivatives are presented respectively in finance income or costs, with the exception of changes in fair value of derivatives which are recognized on the same line item as the hedged transaction.

All interest on borrowings is recognized in finance costs as incurred, with the exception of interest arising from the acquisition, construction and production of an eligible intangible asset or item of property, plant and equipment that is capitalized in the cost of the asset in accordance with the alternative treatment authorized by IAS 23 *Borrowing Costs*.

2.25. Income tax expense

Tax expense or tax income for the period includes current tax and deferred tax. Tax is recognized in profit or loss unless it relates to items that are directly recognized in other comprehensive income or in equity, in which case tax is recognized respectively in other comprehensive income or equity.

2.26. Discontinued operations

A discontinued operation is a component of Rhodia that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. An operation is classified as discontinued at the time of its sale or beforehand if the operation satisfies the criteria for classification as held for sale.

The net profit or loss from operations sold or for sale and, where necessary, disposal gains or losses and impairment losses subsequent to the measurement of assets at fair value less costs to sell, are disclosed in the income statement under "Profit or loss from discontinued operations".

When a component of the operation is classified in discontinued operations, the comparative income statements are restated as if the component had been classified in discontinued operations at the beginning of each previous comparative period.

2.27. Earnings per share

Basic earnings per share is calculated by dividing net profit or loss attributable to Rhodia shareholders by the weighted average number of ordinary shares outstanding during the period, after deduction of the shares owned by Rhodia.

Diluted earnings per share is calculated by taking into account all existing dilutive instruments and the value of the goods or services receivable for each stock purchase or subscription option.

Rhodia also discloses basic and diluted earnings per share for continued and discontinued operations.

2.28. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available. The Rhodia group's chief operating decision maker is the Chairman and Chief Executive Officer.

Notes to the consolidated income statement

3. Segment information

The following information concerns continuing operations, except for the capital expenditure (acquisitions of intangible assets and property, plant and equipment) in line with the cash flow statement.

Rhodia Group is organized into 6 operating segments.

On October 4, 2010, Rhodia announced its reorganization into 11 new operating segments in order to support the Group's growth. This reorganization has no impact on segment information for the year ended December 31, 2010 and will be reported in Rhodia's accounts as from January 1, 2011.

3.1. Information by operating segment

Inter-segment transactions are performed under normal market conditions.

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
For the year ended December 31, 2010								
Net sales	2,145	1,094	851	203	540	251	160	**5,244**
Other revenue	108	11	7	389	11	4	33	**563**
Inter-company sales - Net sales	(10)	(3)	(4)	-	-	-	(1)	**(18)**
Inter-company sales - Other revenue	(12)	(3)	(2)	(157)	(3)	-	(3)	**(180)**
External net sales	**2,135**	**1,091**	**847**	**203**	**540**	**251**	**159**	**5,226**
External other revenue	96	8	5	232	8	4	30	**383**
Operating profit/(loss)	**226**	**134**	**157**	**161**	**86**	**49**	**(211)**	**602**
Profit/(loss) from financial items								**(207)**
Income tax expense								**(128)**
Profit/(loss) from continuing operations								**267**
Recurring EBITDA (1)	**317**	**166**	**197**	**169**	**127**	**67**	**(138)**	**905**

(1) Recurring EBITDA: Operating profit or loss before net depreciation 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).

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
For the year ended December 31, 2009								
Net sales	1,476	827	635	189	549	211	170	**4,057**
Other revenue	108	14	6	453	12	4	39	**636**
Inter-company sales - Net sales	(18)	(2)	(2)	-	-	-	(4)	**(26)**
Inter-company sales - Other revenue	(17)	(5)	(2)	(155)	(3)	-	(8)	**(190)**
External net sales	**1,458**	**825**	**633**	**189**	**549**	**211**	**166**	**4,031**
External other revenue	91	9	4	298	9	4	31	**446**
Operating profit/(loss)	**(80)**	**54**	**34**	**135**	**104**	**53**	**(140)**	**160**
Profit/(loss) from financial items	-	-	-	-	-	-	-	**(190)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(71)**
Profit/(loss) from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(101)**
Recurring EBITDA (1)	**31**	**93**	**84**	**165**	**133**	**70**	**(89)**	**487**

(1) Recurring EBITDA: Operating profit or loss before net depreciation 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).

The analysis by operating segment of capital employed is as follows:

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (1)	Group
For the year ended 31 December, 2010								
Property, plant, equipment, other intangible assets and goodwill	631	770	351	69	148	193	146	**2,308**
Inventories	260	142	122	17	61	10	15	**627**
Trade receivables and advances	268	156	115	50	60	22	22	**693**
Trade payables and advances	(288)	(152)	(81)	(63)	(46)	(21)	(81)	**(732)**
Other	(15)	-	-	15	-	-	18	**18**
Capital employed	**856**	**916**	**507**	**88**	**223**	**204**	**120**	**2,914**

(1) “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.

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (1)	Group
For the year ended 31 December, 2009								
Property, plant, equipment, other intangible assets and goodwill	628	369	317	61	151	172	168	**1,866**
Inventories	193	80	85	17	68	7	25	**475**
Trade receivables and advances	227	87	88	38	56	12	26	**534**
Trade payables and advances	(227)	(82)	(70)	(77)	(46)	(17)	(79)	**(598)**
Other	(16)	(1)	-	3	-	-	19	**5**
Capital employed	**805**	**453**	**420**	**42**	**229**	**174**	**159**	**2,282**

(1) "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.

Capital expenditure (acquisitions of intangible assets and property, plant and equipment) by operating segment breaks down as follows:

(in millions of euros)	2010	2009
Polyamide	68	62
Novecare	47	21
Silcea	56	38
Energy Services	27	11
Acetow	21	19
Eco Services	24	20
Corporate and Other	27	20
Total	**270**	**191**

3.2. Information by geographical area

Total net sales and other revenue by geographical area break down as follows:

(in millions of euros)	2010	2009
Europe	2,129	1,834
Of which France	*790*	*695*
North America	1,025	801
Of which United States	970	765
Latin America	929	693
Of which Brazil	*769*	*549*
Asia and other countries	1,526	1,149
Of which China	423	312
Total	**5,609**	**4,477**

Net sales by geographical area are determined according to the customer's geographical location.

Non-current assets (1) based on their geographical location break down as follows:

(in millions of euros)	2010	2009
Europe	864	886
Of which France	*619*	*638*
North America	431	403
Of which United States	*431*	*403*
Latin America	301	284
Of which Brazil	*298*	*275*
Asia and other countries	724	305
Of which China	*367*	*149*
Total	**2,320**	**1,878**

(1) Excluding deferred tax assets, non current financial instruments and retirement benefit surplus.

4. Employee expenses

(in millions of euros)	2010	2009
Wages	(590)	(520)
Social security contributions	(144)	(128)
Expenses for defined contribution plans	(67)	(54)
Other employee expenses	(49)	(45)
Retirement benefits and similar obligations	(91)	(83)
Share-based payments	(16)	(6)
Total	**(957)**	**(836)**

Other employee expenses mainly include training costs and lay-off compensation.

The heading "Share-based payments" includes the expenses relating to the capital increase reserved for employees (Avenir 2010 plan), the free shares and stock purchase and subscription option plans (see Note 34).

5. Depreciation and impairment of property, plant and equipment and intangible assets

The depreciation and impairment included in operating expenses concern the following assets:

(in millions of euros)	2010	2009
Property, plant and equipment - depreciation	(240)	(247)
Development expenditure - depreciation	(10)	(9)
Other intangible assets - depreciation	(26)	(26)
Property, plant and equipment - impairment	(1)	(1)
Development expenditure - impairment	-	(1)
Total excluding items recognized in profit or loss from discontinued operations	**(277)**	**(284)**
Depreciation of items recognized in profit or loss from discontinued operations	-	-
Total depreciation and impairment	**(277)**	**(284)**

The depreciation and impairment included in operating expenses and presented by function in the income statement break down as follows:

(in millions of euros)	2010	2009
Cost of sales	(228)	(223)
Administrative and selling expenses	(31)	(34)
Research and development expenditure	(14)	(14)
Restructuring costs	(2)	(11)
Other operating income and expense	(2)	(2)
Total continuing operations	**(277)**	**(284)**
Discontinued operations	-	-
Total depreciation and impairment	**(277)**	**(284)**

5.1. Impairment test assumptions

In accordance with the methodology adopted by the Group for the implementation of impairment tests (see Note 2.9) and in the absence of fair value observable in an organized market, the recoverable amount of cash-generating units (CGUs) or groups of CGUs corresponds to their value in use, which is defined as equal to the sum of net cash flows from the latest forecasts for each CGU or group of CGUs and determined using the following methods:

- 5-year business plan prepared by management based on growth and profitability assumptions, taking into account past performances, forecast changes in the economic environment and expected market development;
- consideration of a terminal value determined by capitalizing a standard cash flow obtained by extrapolating the most recent cash flow of the explicit business plan period, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets;
- discounting of expected cash flows at a rate determined using the weighted average capital cost formula.

The main assumptions used in 2010 for annual impairment tests on goodwill and tests on other intangible assets and property, plant and equipment on account of indications of impairment are as follows:

Discount rate
For the weighted average cost of capital, the market parameters were determined using a sample of 8 companies from the chemicals industry.

Considering these parameters and a market risk premium of 4.5% (versus 5% in 2009), the weighted average cost of capital used to discount future cash flows was set at 7% in 2010 (8% in 2009).

Long-term growth rates
The long-term growth rates used for the main CGUs or group of CGUs in 2010 are as follows:

	2010
Polyamide	2.0%
Novecare	2.0%
Silica (Silcea)	2.0%
Diphenols (Silcea)	2.0%
Electronics & Catalysis (Silcea)	2.0%
Eco Services	2.0%
Acetow	2.0%
Salicylics (Corporate and Other)	2.0%

5.2. Depreciation and impairment by operating segment

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other	Group
For the year ended December 31, 2010								
Impairment	-	-	-	-	(1)	-	-	**(1)**
Depreciation	(98)	(37)	(43)	(10)	(30)	(18)	(40)	**(276)**
Total depreciation and impairment	**(98)**	**(37)**	**(43)**	**(10)**	**(31)**	**(18)**	**(40)**	**(277)**

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other	Group
For the year ended December 31, 2009								
Impairment	-	(1)	-	-	-	-	(1)	**(2)**
Depreciation	(104)	(36)	(43)	(11)	(29)	(17)	(42)	**(282)**
Total depreciation and impairment	**(104)**	**(37)**	**(43)**	**(11)**	**(29)**	**(17)**	**(43)**	**(284)**

The impairment tests conducted in 2010 led to the recognition of an impairment loss in the amount of €(1) million (compared to €(2) million in 2009) for property, plant and equipment (compared to €(1) million in 2009) mainly relating to assets which were no longer used or assets for disposal. The impairment loss for intangible assets amounting to €(1) million in 2009 concerned development expenditure incurred on projects which were abandoned.

The impairment losses recognized in profit or loss from discontinued operations are analyzed in Note 10.2.

The impairment tests performed at December 31, 2010 did not lead to any impairment of goodwill, as the recoverable amounts of the groups of CGUs were significantly higher than their carrying amounts.

The sensitivity analyses carried out on the main assumptions (discount rate, long-term growth rate) did not change the result of the impairment tests.

6. Restructuring costs

(in millions of euros)	2010	2009
New plans	(10)	(24)
Re-estimated costs of previous plans	10	2
Depreciation and impairment of non-current assets	(2)	(11)
Impairment of current assets	(3)	-
Total	**(5)**	**(33)**

A description of restructuring plans is provided in Note 28.3.

Restructuring costs by operating segment break down as follows:

(in millions of euros)	2010	2009
Polyamide	6	(14)
Novecare	(1)	(7)
Silcea	-	(1)
Acetow	(11)	-
Corporate and Other	1	(11)
Total	**(5)**	**(33)**

7. Other operating income and expenses

(in millions of euros)	2010	2009
Gains on disposals of non-current assets	11	13
Other operating income	30	26
Total other operating income	***41***	**39**
Losses on disposals of non-current assets	(1)	-
Environmental expenses	(35)	(26)
Other operating expenses	(29)	(36)
Total other operating expenses	***(65)***	***(62)***

In 2010, gains on disposals of non-current assets essentially concern the return of land in Wuxi (China), the disposal of the Mississauga site (Canada) and the disposal of the Ceriano site (Italy). In 2009, the disposal gains mainly concern the disposals of real-estate assets.

In 2010, other operating income includes changes in fair value of derivatives that do not qualify as hedges for operating items. It also includes, as in 2009, the compensation received following the eviction of Rhodia from the Wuxi site. Any expenses incurred due to this eviction were recorded in other operating expenses. This compensation was granted by the Wuxi municipality in 2008 and is paid to Rhodia according to a pre-defined timetable until the eviction date. It is recorded in profit or loss as and when the payments are received.

In 2010, other operating expenses comprise, in particular, non-recurring charges linked to Orbeo's activity and acquisition costs for Feixiang Chemicals. In 2009, they comprise the "trading" component of Orbeo's activity (CER and EUA purchases/sales), changes in fair value of derivatives that do not qualify as hedges for operating items, and changes in fair value corresponding to the ineffective portion of the derivative for hedges covering operating items.

Environmental expenses are analyzed in Note 28.4.

8. Profit/(loss) from financial items

(in millions of euros)	For the year ended December 31, 2010	2009
Gross interest expense on borrowings	*(114)*	*(117)*
Income from cash equivalents	*19*	*12*
Gains/(losses) from interest rate derivatives	-	*(1)*
Income/(expenses) on financial transactions	*(49)*	*(18)*
Discounting effects	*(152)*	*(143)*
Expected return on pension plan assets	*79*	*67*
Foreign exchange gains/(losses)	*8*	*10*
Proceeds from disposal of available-for-sale financial assets	*2*	-
Other	-	-
Profit/(loss) from financial items	***(207)***	***(190)***
Of which:		
Finance costs	*(318)*	*(287)*
Finance income	*103*	*87*
Foreign exchange gains/(losses)	*8*	*10*

The discounting effects mainly comprise the finance cost relating to retirement benefits and similar obligations (see Note 27).

8.1. Gross interest expense on borrowings

This heading corresponds to the gross interest expense on borrowings measured at amortized cost, including the interest on interest rate derivatives eligible for cash flow hedge accounting (see Note 26.2).

8.2. Income/(expenses) on financial transactions

These costs mainly correspond to the financial expenses on current transactions and the borrowing expenses not calculated using the amortized cost method.

In 2010, income and expenses on financial transactions include €(37) million relating to refinancing operations, including €(26) million related to discontinued interest rate hedge swaps following the early redemption of "*Floating Rate Notes*" (see Note 24).

9. Income tax

The recorded tax expense breaks down as follows:

(in millions of euros)	2010	2009
Current income tax expense	(111)	(76)
Deferred tax income / (expense)	(17)	5
Tax expense for the year	**(128)**	**(71)**

The reconciliation between the theoretical tax expense at the statutory tax rate in France and the actual tax expense after reclassification of discontinued operations is as follows:

(in millions of euros)	2010	2009
Profit/(loss) before income tax	395	(30)
Statutory tax rate in France	34.43%	34.43%
Theoretical tax income/(expense) at the statutory rate in France	***(136)***	***10***
Tax rate difference between France and other countries	15	7
Utilization of previously unrecognized deferred tax assets	35	3
Withholding tax	(13)	(3)
Other taxes	(19)	(38)
Unrecognized deferred tax assets	(9)	(48)
Permanent differences	(1)	(2)
Tax expense	**(128)**	**(71)**
Effective tax rate	**32.4%**	**(236.7%)**

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

Other taxes mainly comprise tax risks (see Note 28.5).

Withholding tax mainly comprises withholding tax on dividends.

Management has not modified its estimate of the probability of recovering the deferred tax assets relating to the French and British tax groups. Hence, their deferred tax assets were recognized up to the amount of deferred tax liabilities so that the deferred tax position of the French and British tax groups show a nil value.

10. Assets held for sale and discontinued operations

10.1. Profit/(loss) from discontinued operations

(in millions of euros)	For the year ended December 31,	
	2010	**2009**
Net sales	-	-
Other revenue	-	1
Net operating income /(expenses)	8	(29)
Net finance costs	(4)	(3)
Profit/(loss) from discontinued operations before tax and gains/(losses) on disposals	**4**	**(31)**
Gains/(losses) on disposals	-	-
Tax effect	(9)	-
Profit/(loss) from discontinued operations	**(5)**	**(31)**

The loss from discontinued operations for the year ended December 31, 2010 is attributable to the disposals made prior to 2010.
The loss from discontinued operations for the year ended December 31, 2009 is attributable to the disposals made prior to 2009, and the unfavorable developments in the Innophos litigation (see Note 32).

10.2. Assets held for sale and associated liabilities

(in millions of euros)	**2010**	**2009**
Property, plant and equipment	17	1
Goodwill	1	
Other intangible assets	2	-
Inventories	13	-
Trade and other receivables	3	2
Assets held for sale	**36**	**3**
Other non-current liabilities	2	-
Trade and other payables	4	-
Liabilities held for sale	**6**	**-**

Assets held for sale and associated liabilities mainly concern the disposal of the Salicylics activity.

11. Earnings per share

The average number of outstanding shares prior to and after dilution is determined as follows:

(in number of shares)	2010	2009
Number of shares outstanding at January 1,	99,965,284	99,294,931
Shares issued in connection with the exercise of options (1), payment of the dividend and conversion of OCEANE bonds	483,900	-
Shares issued in connection with the August 17, 2010 capital increase	3,000,000	-
Movements in treasury shares	318,970	670,353
Number of shares issued at December 31,	103,768,154	99,965,284
Weighted average number of shares outstanding at December 31, before dilution	**101,557,153**	**99,888,021**
Granting of free shares	1,176,097	785,924
Issue of stock subscription warrants	27,662	-
Weighted average number of shares outstanding at December 31, after dilution	**102,760,912**	**100,673,945**

(1) see Note 34.

In 2010, due to the average annual price of the share amounting to €16.62, all free share plans are dilutive, as well as the 2004 A and B stock option plans. All other stock option plans are not dilutive.
To calculate the average number of outstanding shares after dilution, the potential shares relating to the convertible bonds issued in April 2007 were not taken into account as they are not dilutive.

Basic and diluted earnings per share are determined as follows:

(in millions of euros)	2010	2009
Profit/(loss) from continuing operations for the period attributable to equity holders of Rhodia S.A.	264	(101)
Profit/(loss) from discontinued operations for the period attributable to equity holders of Rhodia S.A.	(5)	(31)
Profit/(loss) for the period attributable to equity holders of Rhodia S.A.	259	(132)
Earnings per share (in euros)		
Basic earnings per share of continuing operations	2.60	(1.01)
Diluted earnings per share of continuing operations	2.57	(1.01)
Basic earnings per share of discontinued operations	(0.05)	(0.31)
Diluted earnings per share of discontinued operations	(0.05)	(0.31)
Basic earnings per share	2.55	**(1.32)**
Diluted earnings per share	2.52	**(1.32)**

Notes to the consolidated balance sheet

The movements presented in the notes to the consolidated balance sheet include those which impacted assets and liabilities held for sale until their classification under separate headings in the balance sheet. The net flows subsequent to this classification are presented in "Other movements".

12. *Property, plant and equipment*

(in millions of euros)	Land	Buildings	Machinery and equipment	PPE under construction	Total
Year ended December 31, 2010					
At January 1, 2010	**102**	**214**	**1,017**	**125**	**1,458**
Additions and assets under construction (1)	2	20	201	15	**238**
Disposals and retirements	(4)	-	(2)	-	**(6)**
Depreciation	(1)	(29)	(210)	-	**(240)**
Impairment	-	-	(1)	-	**(1)**
Changes in consolidation scope (2)	(3)	9	20	5	**31**
Currency translation differences and other movements (3)	8	9	57	6	**80**
At December 31, 2010	**104**	**223**	**1,082**	**151**	**1,560**
Gross value	145	786	4,329	151	**5,411**
Accumulated depreciation and impairment	(41)	(563)	(3,247)	-	**(3,851)**
Net carrying amount at December 31, 2010	**104**	**223**	**1,082**	**151**	**1,560**

(1) Assets under construction represent €214 million in 2010.
(2) The changes in consolidation scope mainly correspond to the acquisition of Feixiang Chemicals (see Note 13) as well as property, plant and equipment relating to Salicylics activities reclassified as held for sale.
(3) The foreign exchange gain generated in 2010 totaled €82 million.

(in millions of euros)	Land	Buildings	Machinery and equipment	PPE under construction	Total
Year ended December 31, 2009					
At January 1, 2009	**102**	**228**	**1,050**	**121**	**1,501**
Additions and assets under construction (1)	1	9	130	(3)	**137**
Disposals and retirements	(1)	(2)	-	-	**(3)**
Depreciation	(3)	(34)	(210)	-	**(247)**
Impairment	-	-	(1)	-	**(1)**
Changes in consolidation scope (2)	3	4	8	2	**17**
Currency translation differences and other movements (3)	-	9	40	5	**54**
At December 31, 2009	**102**	**214**	**1,017**	**125**	**1,458**
Gross value	135	770	4,100	125	**5,130**
Accumulated depreciation and impairment	(33)	(556)	(3,083)	-	**(3,672)**
Net carrying amount at December 31, 2009	**102**	**214**	**1,017**	**125**	**1,458**

(1) Assets under construction represent €130 million in 2009.
(2) The changes in consolidation scope mainly correspond to the acquisition of Mc Intyre Group Ltd, a manufacturer of specialty surfactants with facilities in the United States and Europe.
(3) The foreign exchange gain generated in 2009 totaled €58 million.

The impairment losses recognized in 2009 and 2010 are detailed in Note 5 for assets in continuing use and in Note 10 for assets classified as held for sale.

Finance-leased assets break down as follows:

(in millions of euros)	Land and buildings	Machinery and equipment	Total
At December 31, 2010			
Gross value	7	26	**33**
Depreciation	(5)	(21)	**(26)**
Total finance-leased assets	**2**	**5**	**7**
At December 31, 2009			
Gross value	5	26	**31**
Depreciation	(4)	(18)	**(22)**
Total finance-leased assets	**1**	**8**	**9**

13. Goodwill

13.1. Segment allocation

(in millions of euros)	2010	2009
Polyamide	9	8
Novecare	335	132
Silcea	37	37
Acetow	3	3
Eco Services	36	34
Corporate and Other	-	1
Total	**420**	**215**

The goodwill generated through the acquisition of Feixiang Chemicals in China was allocated to Novecare (see Note 13.2).
The reorganization of Rhodia at January 1, 2011 will not result in any reallocation of goodwill.

13.2. Movements during the year

(in millions of euros)	Gross	Impairment	Net
At January 1, 2009	**217**	**(20)**	**197**
Acquisitions	22	-	22
Currency translation differences	(4)	-	(4)
At December 31, 2009	**235**	**(20)**	**215**
Acquisitions	199	-	199
Other movements	(1)	-	(1)
Currency translation differences	7	-	7
At December 31, 2010	**440**	**(20)**	**420**

Feixiang Chemicals acquisition
On November 30, 2010, the Rhodia Group acquired 87.5% of Feixiang Chemicals, China's leading producer of specialty amines and surfactants. The former principal shareholder will retain a 12.5% interest over 2 years.

Feixiang Chemicals has been fully consolidated at 100% since the date of its acquisition by the Group, i.e. November 30, 2010, with the 12.5% being analyzed as a deferred payment.

On the acquisition date, the initially transferred consideration amounted to €339 million, of which €289 million was actually paid, leaving a deferred payment of €50 million. This consideration was allocated temporarily to the identifiable assets and liabilities in the net amount of €140 million and to goodwill in the amount of €199 million. This goodwill is not tax deductible.

Acquisition costs recorded in Other operating expenses totaled €(5) million.

The net assets acquired from Feixiang Chemicals at November 30, 2010 break down as follows:

(in millions of euros)	
Cost of the business combination (A):	**339**
Net assets acquired at fair value (B):	**140**
Property, plant and equipment	47
Intangible assets	129
Inventories and work-in-progress	28
Other assets	77
Trade payables and other liabilities	(141)
Goodwill (A) – (B)	**199**

Goodwill primarily represents:

- The expected business synergies arising from the Group's ability to rely on Feixiang Chemicals's leading position in the Asian market in order to develop in a high-growth area;
- The cost synergies resulting from the improved integration of the amine-based surfactants production chain;
- The expected benefits of technologies and know-how.

This combination was recognized on a temporary basis, as the amount allocated to the identifiable assets and liabilities acquired and goodwill are likely to be modified within one year as from November 30, 2010.

Since November 30, the net sales and operating profit of Feixiang Chemicals included in the Group's 2010 comprehensive income have not been significant.

If the acquisition had been completed on January 1, 2010, Group net sales and operating profit would have increased by around €200 million and €20 million, respectively.

Impairment

No impairment was recognized in 2010 and 2009 considering the results of the tests performed using the methodology described in Note 2.9.

14. Other intangible assets

(in millions of euros)	Trademarks and patents	Software	Development costs	Other (4)	Total
Year ended December 31, 2010					
At January 1, 2010	**27**	**40**	**72**	**54**	**193**
Additions and assets under construction (1)	-	9	19	8	**36**
Disposals and retirements	-	-	-	(3)	**(3)**
Depreciation	(4)	(18)	(11)	(3)	**(36)**
Changes in consolidation scope (2)	37	-	(1)	91	**127**
Currency translation differences and other movements (3)	(1)	1	1	10	**11**
At December 31, 2010	**59**	**32**	**80**	**157**	**328**
Gross value	101	215	107	183	**606**
Depreciation and impairment	(42)	(183)	(27)	(26)	**(278)**
Net carrying amount at December 31, 2010	**59**	**32**	**80**	**157**	**328**

(1) Assets under construction represent €22 million in 2010.
(2) The changes in consolidation scope mainly correspond to the acquisition of Feixiang Chemicals.
(3) Other movements include greenhouse gas emissions for €5 million.
(4) At the end of 2010, other intangible assets primarily comprise the customer relationships arising from the Mc Intyre Group Ltd and Feixiang Chemicals acquisitions as well as greenhouse gas emission allowances to be surrendered in the amount of €18 million.

(in millions of euros)	Trademarks and patents	Software	Development costs	Other (4)	Total
Year ended December 31, 2009					
At January 1, 2009	**18**	**53**	**64**	**46**	**181**
Additions and assets under construction (1)	1	7	17	-	**25**
Impairment	-	-	(1)	-	**(1)**
Depreciation	(4)	(20)	(9)	(2)	**(35)**
Changes in consolidation scope (2)	12	-	-	16	**28**
Currency translation differences and other movements (3)	-	-	1	(6)	**(5)**
At December 31, 2009	**27**	**40**	**72**	**54**	**193**
Gross value	64	206	93	84	**447**
Depreciation and impairment	(37)	(166)	(21)	(30)	**(254)**
Net carrying amount at December 31, 2009	**27**	**40**	**72**	**54**	**193**

(1) Assets under construction represent €7 million in 2009.
(2) The changes in consolidation scope mainly correspond to the acquisition of Mc Intyre Group Ltd, a manufacturer of specialty surfactants with facilities in the United States and Europe.
(3) Other movements include greenhouse gas emissions for €(4) million.
(4) Including €13 million at the 2009 year-end relating to greenhouse gas emission allowances to be surrendered.

15. Investments in associates

Investments in associates break down as follows:

(in millions of euros)	Investments in associates		Share of profit/(loss) of associates	
	2010	2009	2010	2009
GIE Osiris	8	9	(1)	-
ENERGO-STIL SP Z O O	1	-	1	
GIE Chimie Salindres	2	2	-	-
Qingdao Dongyue Rhodia Chemical Co Ltd	1	1	-	-
Total	**12**	**12**	**-**	**-**

The aggregate financial data relating to the main associates is shown below:

(in millions of euros)	2010	2009
Total assets	104	83
Total liabilities	72	53
Net sales	47	37
Net profit	-	(2)

16. Investments in joint ventures

The share of assets, liabilities and profit (or loss) of the main joint ventures are shown below:

(in millions of euros)	2010	2009
Non-current assets	250	174
Current assets	171	247
Total assets	**421**	**421**
Non-current liabilities	79	82
Current liabilities	258	252
Equity	84	87
Total liabilities and equity	**421**	**421**
Net sales	**473**	**355**
Other revenue	49	25
Operating profit	16	18
Profit for the period	**7**	**6**

17. Non-current financial assets

(in millions of euros)	2010	2009
Loans and receivables		
Gross value	141	142
Impairment	(31)	(35)
Net value	**110**	**107**
Available-for-sale financial assets	**24**	**10**
Retirement benefit surplus	**1**	**1**
Total	**135**	**118**

Non-current assets classified as loans and receivables break down as follows:

- At December 31, 2010: loans in the amount of €22 million, deposits and guarantees in the amount of €16 million and receivables in the amount of €72 million;
- At December 31, 2009: loans in the amount of €28 million, deposits and guarantees in the amount of €14 million and receivables in the amount of €65 million.

Available-for-sale financial assets comprise investments in non-consolidated companies, which break down as follows:

(in millions of euros)	2010		2009	
	% holding	Value	% holding	Value
Exeltium	4.27%	7	16.56%	-
Eight 19 Limited	30%	3	-	-
Other (less than €2 million)	-	14	-	10
Total	**-**	**24**	**-**	**10**

The Rhodia Group subscribed €7 million to the capital increase carried out by Exeltium. During this operation, the Group reduced its percentage holding in the company.

18. Deferred tax assets and liabilities

The deferred taxes recognized as non-current assets or liabilities break down as follows:

(in millions of euros)	2010	2009
Deferred tax assets	**168**	**170**
Less than one year	22	22
More than one year	146	148
Deferred tax liabilities	**(62)**	**(28)**
Less than one year	(19)	(11)
More than one year	(43)	(17)

The deferred taxes shown on the face of the balance sheet arise from:

(in millions of euros)	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Differences between carrying and tax amounts of:						
- assets	15	12	(128)	(82)	(113)	(70)
- retirement obligations	54	52	-	-	54	52
- provisions	104	94	(9)	(10)	95	84
- derivatives	1	-	(3)	(9)	(2)	(9)
- other items	34	22	(42)	(27)	(8)	(5)
Tax loss carryforwards and tax credits	80	90	-	-	80	90
Deferred taxes	**288**	**270**	**(182)**	**(128)**	**106**	**142**
Netting effect	(120)	(100)	120	100	-	-
Net deferred taxes	**168**	**170**	**(62)**	**(28)**	**106**	**142**

At December 31, 2010, unrecognized deferred tax assets amount to €1,389 million and break down as follows:

- €884 million in tax loss carryforwards (€936 million at December 31, 2009), of which €820 million in losses that may be carried forward indefinitely in respect of French and British tax consolidation groups;
- €79 million in non-ordinary tax losses that may only be offset against disposals of assets;
- €426 million generated by the differences in carrying and tax amounts of assets and liabilities.

Since virtually all the French companies belonging to the tax group are currently undergoing tax audits, a portion of the tax group's loss carryforwards may therefore be challenged by French tax authorities.

At each period-end, Rhodia determines whether each tax entity is likely to generate taxable profits against which its deferred tax assets may be offset or to benefit from unrecognized available tax credits. To assess this probability, Rhodia considers in particular current and past results of the tax entities as well as projected taxable profits. In the event of recent losses not relating to non-recurring items, Rhodia considers whether the entities are presumed not to have future taxable profits available to reverse such tax assets or credits. This analysis led the Group not to recognize net deferred tax assets for the French and British tax groups.

Movements in net deferred taxes recognized in the balance sheet break down as follows:

	Maturity	
(in millions of euros)	**Less than one year**	**More than one year**
At January 1, 2009	**5**	**128**
Recognition in other comprehensive income	-	(8)
Recognition in profit or loss	3	2
Currency translation differences and other movements	3	9
At December 31, 2009	**11**	**131**
Recognition in other comprehensive income	-	5
Recognition in profit or loss	(10)	(16)
Change in scope	-	(30)
Currency translation differences and other movements	2	(13)
At December 31, 2010	**3**	**103**

The breakdown of deferred taxes recognized in profit or loss is presented in Note 9 *Income tax* and Note 10.2 *Profit/(loss) from discontinued operations*.

The movements in deferred taxes recognized directly in Other comprehensive income primarily concern actuarial gains and losses and cash flow hedges recognized in Other comprenhensive income (Refer to the "Consolidated statement of comprehensive income").

19. Inventories

(in millions of euros)	At December 31, 2010	At December 31, 2009
Raw materials	280	230
Work-in-progress	42	41
Finished goods	333	234
Gross carrying amount	**655**	**505**
Impairment	(28)	(30)
Net carrying amount	**627**	**475**

20. Trade and other receivables

(in millions of euros)	At December 31, 2010	At December 31, 2009
Trade receivables	667	511
Other trade receivables	85	80
Gross trade receivables	**752**	**591**
Impairment	(52)	(53)
Net trade receivables	**700**	**538**
Employees and social security	3	3
State and local authorities	156	109
Other receivables	68	65
Impairment	(17)	(23)
Net other receivables	**210**	**154**
Total Trade and other receivables	**910**	**692**

21. Other current financial assets

(in millions of euros)	2010	2009
Financial assets at fair value through profit or loss	26	16
Loans and receivables	1	5
Available-for-sale financial assets	7	79
Total	**34**	**100**

Other current financial assets primarily include short-term investments with an initial maturity of more than 3 months.

22. Cash and cash equivalents

22.1. Analysis by type

(in millions of euros)	At December 31, 2010	At December 31, 2009
Cash in banks	178	122
Cash equivalents	604	569
Total	**782**	691

Cash and cash equivalents mainly include monetary notes, SICAV mutual funds and certificates of deposit with an initial maturity of less than 3 months.

22.2. Consolidated statements of cash flows

In 2010, discontinued operations contributed to net cash used by operating activities and net cash from investing activities in the amount of €(6) million and €1 million, respectively. They did not contribute to net cash used by financing activities.

In 2009, discontinued operations contributed to net cash used by operating activities in the amount of €(5) million. They did not contribute to net cash used by both investing and financing activities.

Excluding the disbursement of costs relating to financing activities, paid interest costs, net of interest received (including impact of interest rate hedging), totaled €52 million in 2010, compared to €78 million in 2009.

Income taxes paid totaled around €69 million in 2010, compared to €54 million in 2009.

The cash and cash equivalents of acquired entities amounted to €19 million in 2010 and €2 million in 2009.

23. Equity

23.1. Share capital and additional paid-in capital

On May 29, 2010, the Board of Directors decided to decrease share capital by reducing the par value of each share from €12 to €1, for a total amount of €1,112 million.
In 2010, the exercise of share subscription options resulted in the issue of 75,492 shares, and the option for the payment of dividends in shares led to the creation of 408,382 new shares.
On August 17, 2010, following a decision of the Board of Directors on April 28, 2010 to make use of the authorization granted by the Combined General Meeting of Shareholders on the same date, the Company carried out a capital increase reserved for employees by creating 3 million new shares, each with a par value of €1, thus generating an issue premium of €34 million net of costs (see Note 34).
At December 31, 2010, Rhodia's share capital totaled €104,570,968, comprising 104,570,968 shares, each with a par value of €1.

23.2. Dividends

As decided by shareholders at the General Meeting on April 28, 2010, Rhodia S.A. paid out dividends totaling €25 million (€0.25 per share) with respect to the 2009 fiscal year.

23.3. Translation reserve

The €100 million movement in the translation reserve for the year ended December 31, 2010 was primarily attributable to the appreciation of the US dollar and the Brazilian real against the euro.

23.4. Treasury shares

Following the grant of free shares to the beneficiaries of the 2008 B plans, the number of treasury shares was reduced to 802,814 at December 31, 2010.

23.5. Other movements

On February 23, 2010, the Rhodia Board of Directors approved new free share allotment plans for 252 beneficiaries (2 x 505,435 shares) subject to the conditions governing Rhodia's performance and the continued employment of the beneficiaries (see Note 34).

24. Borrowings

24.1. Breakdown of borrowings by type

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

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

At December 31, 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	91	91	91	2010	4% - 9%
Securitization of receivables	41	41	41	2010	3.62%
Other debts	12	12	12	2010	< 7%
Accrued interest payable	16	16	16	-	-
Sub-total short term	**165**	**165**	**165**		
2006 EUR senior notes	1,021	1,035	966	10/15/2013	Euribor 3M + 2.75%
OCEANE	538	595	528	01/01/2014	6.29%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Bilateral credit facilities	69	69	69	2011-2014	4% - 9%
Finance lease debts	5	5	5	2012-2019	3.56% - 11.25%
Other debts	7	7	7	2011-2018	< 7%
Sub-total long term	**1,655**	**1,726**	**1,590**		
Total	**1,820**	**1,891**	**1,755**		

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

24.2. Analysis of borrowings by maturity

At December 31, 2010						
(in millions of euros)	**2012**	**2013**	**2014**	**2015**	**After 2015**	Total
2006 EUR senior notes	-	227	-	-	-	227
2010 EUR senior notes	-	-	-	-	491	491
2010 USD senior notes	-	-	-	-	294	294
OCEANE	-	-	569	-	-	569
Bilateral credit facilities	23	3	5	-	-	31
Finance lease debts	1	2	2	-	-	5
Other debts	50	1	1	-	3	55
Sub-total long term	74	233	577	-	788	1,672

At December 31, 2009						
(in millions of euros)	**2011**	**2012**	**2013**	**2014**	**After 2014**	Total
2006 EUR senior notes	-	-	1,021	-	-	1,021
OCEANE	-	-	-	538	-	538
Other EUR notes	15	-	-	-	-	15
Bilateral credit facilities	56	7	-	6	-	69
Finance lease debts	-	1	2	1	1	5
Other debts	1	1	-	-	5	7
Sub-total long term	**72**	**9**	**1,023**	**545**	**6**	**1,655**

24.3. Analysis of borrowings by currency

(in millions of euros)	2010	2009
Euro	1,377	1,632
US Dollar	455	71
Chinese yuan	92	56
Brazilian real	69	56
Other	17	5
Total borrowings	**2,010**	**1,820**

24.4. Comments on the financing arrangements

"Floating Rate Notes" and "High Yield notes"

In 2010, Rhodia extended the group's debt maturity through the following operations:

- ***Partial early redemption of the "Floating Rate Notes"***

  The Floating Rate Notes were issued for a nominal amount of €1,100 million at 3-month Euribor + 2.75%, maturing on October 15, 2013. In 2008 and 2009, Rhodia undertook the early redemption of a portion of these notes for respective nominal amounts of €33 million and €32 million, thus reducing the nominal amount of the notes to €1,035 million.

  In 2010, Rhodia continued the partial redemption of the notes in May and October for respective nominal amounts of €500 million and €306 million, thus reducing the nominal amount of the notes to €229 million as at December 31, 2010.

- ***Issuance of new senior notes:***
  - High Yield 2018: Issue in May 2010 of new Senior notes for a principal amount of €500 million maturing on May, 15, 2018 and bearing interest at 7%.
  - High Yield 2020: Issue in September 2010 of new Senior notes for a principal amount of $400million (€306 million) maturing on September 15, 2020 and bearing interest at 6.875%.

OCEANE

On April 27, 2007, OCEANE bonds (bonds that can be converted or exchanged for new or existing shares), maturing on January 1, 2014 and bearing interest at 0.5%, were issued for a nominal amount of €595 million. The issue price amounted to €48.1 per bond. OCEANE bond holders may, at any time, exercise their conversion option on a 1.04 for 1 basis. OCEANE bonds carry a 13.22% redemption premium and a buyback option that may be exercised by Rhodia under certain conditions. The debt and equity components were measured upon issue of the bonds. The debt component was measured at amortized cost using a market interest rate for an equivalent non-convertible bond.

Syndicated credit line

On March 30, 2007, Rhodia entered into a multi-currency syndicated credit facility for €600 million ("Multicurrency Revolving Credit and Guaranty Facility" or "RCF") maturing on June 30, 2012.

The interest rate applied to the borrowed sums corresponds to the bank discount rate according to the currency of the borrowing plus the applicable margin. The applicable margin can be reduced based on an improvement in the net consolidated indebtedness/adjusted EBITDA ratio ("leverage"). In addition, Rhodia pays a commitment fee corresponding to 45% of the applicable margin depending on its level. The syndicated credit facility is usable in the form of bank loans and/or guarantees.

Rhodia has given collateral security in connection with the implementation of this syndicated credit line. Such collateral security is made up of a pledge of the securities of two of its subsidiaries and a pledge of a secured loan of another of its subsidiaries.

The RCF includes early repayment clauses, including a change of control of Rhodia or the adoption of a break-up or liquidation plan for the Company.

Moreover, the RCF includes mandatory repayment and partial cancellation clauses, notably in the case of asset disposals beyond certain thresholds provided for in the agreement, and under certain conditions, notably in respect of the application of proceeds from disposals.

The continuation of the RCF syndicated credit facility is subject to the compliance with certain financial ratios ("covenants") by Rhodia which are tested on a half-yearly basis. In order to guarantee its liquidity until maturity on June 30, 2012, Rhodia re-negotiated these covenants on April 3, 2009 as follows:

	Consolidated net debt/Adjusted recurring EBITDA	Recurring EBITDA /Net financial expenses
12/31/2010	3.50 :1.0	3.40 :1.0
06/30/2011	3.00 :1.0	4.00 :1.0
12/31/2011	3.00 :1.0	4.00 :1.0

The aggregates used to calculate the ratios as defined in the syndicated credit line are as follows:

- **Consolidated net indebtedness**: aggregate of non-current and current borrowings and guarantees given to third parties with respect to financial indebtedness of non-consolidated subsidiaries, minus the aggregate of cash and cash equivalents and other current financial assets;

- **Recurring EBITDA:** operating profit or loss prior to depreciation and impairment, restructuring costs and other operating income and expenses;

- **Adjusted recurring EBITDA:** the Group's recurring EBITDA plus recurring EBITDA of non-consolidated entities, whose borrowings are secured by the Group, pro rata to the percentage interest held by the Group;

- **Net financial expenses**: interest on non-current and current borrowings, after capitalization of interest expense related to the financing of certain assets and incorporated in the purchase cost of such assets, minus interest income on cash and cash equivalents and other current financial assets.

At and prior to December 31, 2010, Rhodia has complied with all applicable financial covenants.
In 2010, the RCF syndicated credit facility was only drawn down for bank guarantees. The amount not drawn down at December 31, 2010 was €534 million.

Asset securitization programs

Rhodia has another financing source involving disposal of some of its uncollected receivables, in connection with two securitization programs in Europe and North America, and sales of receivables program in Asia.

At December 31, 2010, the financing available under these securitization programs amounted to €140 million for the Pan-European program, $100 million for the North American program and $12 million for the Asian program.

These securitization programs do not comprise covenants based on Rhodia's financial performance, which, if not met, would trigger early repayment. However, the securitization programs contain a cross-accelerated repayment clause in the event of early repayment being demanded under the RCF facility or any other Rhodia S.A. financing arrangement in an amount in excess of $35 million for the North American program and €35 million for the pan-European program.

At December 31, 2010, the financing provided by the securitization programs amounted to €66 million.

25. Fair value of financial instruments and accounting categories

At December 31, 2010								
(in millions of euros)	Assets/liabilities at fair value through profit or loss		Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Hedging derivatives	Total net carrying amount	Fair value
	Trading	Fair value option						
Financial assets	**49**	**808**	**31**	**811**	**-**	**41**	**1,740**	**1,740**
Non-current financial assets (1)	**-**	**-**	**24**	**110**	**-**	**-**	**134**	**134**
Other current financial assets	-	26	7	1	-	-	**34**	34
Trade receivables	-	-	-	700	-	-	**700**	700
Derivative financial instruments	49	-	-	-	-	41	**90**	90
Cash and cash equivalents	-	782	-		-	-	**782**	782
Current financial assets	**49**	**808**	**7**	**701**	**0**	**41**	**1,606**	**1,606**
Financial liabilities	**53**	**-**	**-**	**-**	**2,783**	**41**	**2,877**	**2,953**
Borrowings	-	-	-	-	1,672	-	**1,672**	1,748
Non-current financial liabilities	**-**	**-**	**-**	**-**	**1,672**	**-**	**1,672**	**1,748**
Borrowings	-	-	-	-	338	-	**338**	**338**
Derivative financial instruments	53	-	-	-	-	41	**94**	94
Trade payables	-	-	-	-	773	-	**773**	**773**
Current financial liabilities	**53**	**-**	**-**	**-**	**1,111**	**41**	**1,205**	**1,205**

(1) Excluding retirement benefit surplus in the amount of €1 million.

At December 31, 2009								
(in millions of euros)	Assets/liabilities at fair value through profit or loss		Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Hedging derivatives	Total net carrying amount	Fair value
	Trading	Fair value option						
Financial assets	**62**	**707**	**89**	**650**	**-**	**51**	**1,559**	**1,559**
Non-current financial assets (1)	**-**	**-**	**10**	**107**	**-**	**-**	**117**	**117**
Other current financial assets	-	16	79	5	-	-	**100**	**100**
Trade receivables	-	-	-	538	-	-	**538**	**538**
Derivative financial instruments	62	-	-	-	-	51	**113**	**113**
Cash and cash equivalents	-	691	-	-	-	-	**691**	**691**
Current financial assets	**62**	**707**	**79**	**543**	**-**	**51**	**1,442**	**1,442**
Financial liabilities	**74**	**-**	**-**	**-**	**2,440**	**41**	**2,555**	**2,491**
Borrowings	-	-	-	-	1,655	-	**1,655**	**1,591**
Non-current financial liabilities	**-**	**-**	**-**	**-**	**1,655**	**-**	**1,655**	**1,591**
Borrowings	-	-	-	-	165	-	**165**	**165**
Derivative financial instruments	74	-	-	-	-	41	**115**	**115**
Trade payables	-	-	-	-	620	-	**620**	**620**
Current financial liabilities	**74**	**-**	**-**	**-**	**785**	**41**	**900**	**900**

(1) Excluding retirement benefit surplus in the amount of €1 million.

The table below breaks down financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2010				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets	**872**	**18**	**39**	**929**
Non-current financial assets			24	24
Other current financial assets	33			33
Derivative financial instruments	57	18	15	90
Cash and cash equivalents	782	-		782
Financial Liabilities	**33**	**53**	**8**	**94**
Derivative financial instruments	33	53	8	94

At December 31, 2009				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets	**852**	**35**	**22**	**909**
Non-current financial assets	-	-	10	**10**
Other current financial assets	95	-	-	**95**
Derivative financial instruments	66	35	12	**113**
Cash and cash equivalents	691	-	-	**691**
Financial Liabilities	**39**	**58**	**18**	**115**
Derivative financial instruments	39	58	18	**115**

The best indication of the fair value of a contract is the price which would be agreed to between a willing seller and buyer in an arm's length transaction. At the trade date, it is generally the transaction price. Subsequently, the measurement of the contract should be based on observable market data which provide the most reliable indication of the fair value of a financial instrument.

The fair value of derivatives is determined as follows:

- Interest rate swaps are measured by discounting contractual flows;
- Options are measured based on valuation models (such as Black & Scholes) using quotes published on active markets and/or by obtaining quotations from third party financial institutions;
- Forward exchange contracts are measured by discounting net future cash flows;
- Carbon derivatives (CER and EUA) and commodity-based derivatives are measured as follows:
  - Products traded on organized markets (futures): use of market quotes;
  - Products traded over-the-counter (swaps, forwards): discounting of future flows;
  - Options: use of mathematical models.

The fair value of the notes corresponds to the most recent market quote.

The fair value of trade payables and trade receivables corresponds to their carrying amount. The discounting of cash flows arising from “Trade payables” and “Trade receivables” had an immaterial impact on fair value due to the short settlement periods applied.

26. Financial risk management and derivatives

Rhodia is exposed to market risks as a result of its business and financial transactions. This exposure is mainly related to fluctuations in exchange and interest rates and commodity and carbon instrument prices.

26.1. Derivative financial instruments

At December 31, 2010, Rhodia held derivatives, some of which are designated as cash flow hedges, as well as non-hedging derivatives. Derivatives are recognized in the balance sheet at their fair value in the following amounts:

		At December 31, 2010		At December 31, 2009	
(in millions of euros)	**Note**	**Current assets**	**Current liabilities**	**Current assets**	**Current liabilities**
Interest rate instruments	26.2	-	20	-	29
Foreign exchange instruments	26.3	18	33	35	29
Commodities instruments	26.4	8	5	-	10
Carbon instruments	26.5	64	36	78	47
Total		**90**	**94**	**113**	**115**

26.2. Interest rate risk management

Rhodia's exposure to interest rate risk mainly relates to its net indebtedness and interest rate derivatives portfolio.
The Group monitors its exposure to interest rate risk on a monthly basis and specifically hedges the main floating-rate borrowings using interest rate swaps or caps.

Management of fixed and floating rates

The breakdown of net debt as defined by the Group between fixed and floating rates, and excluding its derivative portfolio, is as follows:

(in millions of euros)	2010	2009
Floating rate	526	1,204
Fixed rate	1,458	600
Borrowings excluding accrued interest payable	**1,984**	**1,804**
Cash and cash equivalents	(782)	(691)
Other current financial assets	(34)	(100)
Accrued interest payable	26	16
Net indebtedness	**1,194**	**1,029**

In order to hedge interest rate increases on its floating-rate debt, Rhodia purchased caps and interest rate swaps for which the residual amount at December 31, 2010 was €229 million. These derivatives were recognized under cash flow hedge accounting.

The breakdown of the Group's debt between fixed and floating rates, taking into account its hedging derivatives, is as follows:

(in millions of euros)	2010	2009
Floating rate	297	183
Capped floating rate	229	300
Fixed rate	1,458	1,321
Borrowings excluding accrued interest payable	**1,984**	**1,804**

At December 31, 2010, the average rate of the fixed-rate debt was around 6.7%, compared to 6.1% at December 31, 2009.

Analysis of interest rate sensitivity

Interest rate sensitivity for floating-rate instruments was analyzed taking into account all the variable cash flows of non-derivative and derivative instruments. The analysis is performed assuming that the amounts of debt and financial instruments shown in the balance sheet at December 31, 2010 and 2009 remain constant during the year. For the purposes of this analysis, all the other variables, particularly exchange rates, are considered to be constant.

An interest rate fluctuation by 100 basis points at the year-end would result in an increase (decrease) in equity and profit or loss (prior to the tax impact) by the amounts shown in the table below.

in millions of euros (excluding taxes)	2010				2009			
	Net profit/(loss)		Hedging reserves (*)		Net profit/(loss)		Hedging reserves (*)	
	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
Floating-rate debt	(5)	5	-	-	(12)	12	-	-
Derivatives designated as cash flow hedges	-	-	4	(5)	9	(6)	20	(21)
Cash equivalents	8	(8)	-	-	6	(6)	-	-
Total	**3**	**(3)**	**4**	**(5)**	**3**	**-**	**20**	**(21)**

(*) corresponds to the change in fair value of derivatives designated as cash flow hedges following a sudden fluctuation in interest rates.

Analysis of interest rate hedges

Derivatives designated as cash flow hedges

At December 31, 2010, interest rate swaps and options (caps) hedge the floating-rate bonds issued in October 2006. The notional amounts of these contracts and their fair value are detailed in the table below:

(in millions of euros)		2010					2009	
Currency EUR		< 1 year	1 to 5 years	> 5 years	TOTAL	Fair Value	Nominal Value	Fair Value
Interest rate swaps	Lender Floating rate	-	229	-	229	(7)	735	(27)
Cap	Purchase	229	-	-	229	-	300	(1)
TOTAL		229	229	-		(7)	1 035	(28)

The changes in fair value of hedging derivatives considered as effective are recognized in equity under the heading "Cash flow hedge reserve". For interest rate options (caps), only the intrinsic value of the option is considered as an effective hedge. The time value is considered as ineffective on inception of the hedge.

The impact on profit or loss of the ineffective portion of cash flow hedges was immaterial in 2010. It had generated a €(1) million loss in 2009.

In 2010, the discontinued interest rate hedging instruments following the refinancing operations generated a €26 million expense.

The contractual flows related to interest rate swaps are paid at the same time as the contractual flows of floating-rate borrowings and the amount deferred in equity is recognized in profit or loss for the period in which the fluctuations in the debt's interest rate impact profit or loss.

Changes in the hedging reserve for interest rate derivatives in fiscal 2010 and 2009 are shown in the following table:

in millions of euros (excluding taxes)	2010	2009
Carrying amount at January 1,	**(24)**	**(13)**
Amount transferred to profit or loss (1)	38	15
Amount recorded directly in the hedging reserve	(21)	(26)
Carrying amount at December 31,	**(7)**	**(24)**

(1) The profit and loss entry impacts "Gross interest expense on borrowings" and "Income and expenses on financial transactions"

Derivatives not designated as hedges

At December 31, 2010, Rhodia entered into the following interest rate swaps not designated for hedging purposes:

(in millions of euros)		2010					2009	
Currency EUR		< 1 year	1 to 5 years	> 5 years	TOTAL	Fair Value	Nominal Value	Fair Value
Interest rate swaps	Lender Floating rate	509	12	-	**521**	**(1)**	**28**	**(1)**
	Lender Fixed rate	500	2	-	**502**	**(12)**	**3**	**-**
TOTAL						**(13)**		**(1)**

The impact on profit or loss of these derivatives not designated for hedging was immaterial in 2010. They had generated a €(1) million loss in 2009.

Analysis of interest rate sensitivity

A sudden 100 basis point fluctuation in interest rates at the year-end would have no material impact on profit or loss, since the other variables are considered to be constant.

26.3. Foreign exchange risk management

A significant portion of Rhodia's assets, liabilities, expenses and income is denominated in currencies other than the euro, mainly the US dollar, Brazilian real and, to a lesser extent, the pound sterling. Changes in these currencies compared with the euro may have a material impact on the financial position and results of Rhodia.

Rhodia's policy consists in limiting its exposure to short-term fluctuations in exchange rates by calculating on a daily basis its net exposure to foreign currencies in its transactions, including both sales and purchases, and by using derivatives to reduce such exposure. The main derivatives used by Rhodia are forward foreign exchange contracts with terms of less than one year.

The financial instruments held by Rhodia, sensitive to changes in exchange rates, include financial instruments (receivables and payables) denominated in foreign currencies and foreign exchange derivatives not designated for hedging.

At December 31, 2010, Rhodia's foreign exchange risk (excluding foreign exchange derivatives designated as hedges) by main currency breaks down as follows:

(in millions of euros)	At December 31, 2010				At December 31, 2009			
Currency	**USD**	**AUD**	**EUR**	**JPY**	**USD**	**GBP**	**EUR**	**JPY**
Financial receivables and (borrowings)	(117)	(33)	(62)	(1)	(96)	17	(35)	2
Trade receivables and (payables)	188	-	23	17	189	(25)	2	6
Foreign exchange contracts	(47)	33	31	(15)	(103)	12	22	(9)
Net exposure	**24**	**-**	**(8)**	**1**	**(10)**	**4**	**(11)**	**(1)**

(*) Foreign exchange exposure in euros of entities whose functional currency is different from the euro.

Analysis of foreign exchange risk sensitivity

At December 31, 2010, a sudden 10% fluctuation in the euro against the foreign currencies would have, in proportion to the assets and liabilities recorded in the balance sheet, an immaterial impact on foreign exchange gains or losses. For the purposes of this analysis, all the other variables, particularly interest rates, are considered to be constant.

(in millions of euros)	At December 31, 2010				At December 31, 2009			
Currency	**USD**	**AUD**	**EUR**	**JPY**	**USD**	**GBP**	**EUR**	**JPY**
10% increase in the euro against the foreign currency	(2)	-	(1)	-	1	-	(1)	-
10% decrease in the euro against the foreign currency	2	-	1	-	(1)	-	1	-

Portfolio of foreign exchange derivatives not designated as hedges

The nominal amounts as well as the fair values of forward purchase and sale contracts in currencies other than the euro and foreign exchange options are detailed below:

(in millions of euros)		2010		2009	
	Currency	Nominal	Fair Value	Nominal	Fair Value
Forward purchases	USD	170	(1)	88	1
	GBP	14		23	-
	JPY	54	-	45	(1)
	BRL	9	-	9	-
	Other	129	1	90	1
	Total	**376**	**-**	**255**	**1**
Forward sales	USD	217		191	1
	GBP	43	1	11	-
	JPY	69	(3)	54	1
	BRL	12	-	26	-
	Other	96		95	(3)
	Total	**437**	**(2)**	**377**	**(1)**
Barrier call purchases	USD	33	-	**-**	**-**
Total			**(2)**		**-**

Forward currency purchase and sale contracts are entered into by Rhodia S.A. to hedge its inter-company loans and borrowings and operating cash flows denominated in foreign currencies.

The changes in fair value of foreign exchange instruments not designated as hedges are recorded in foreign exchange gains or losses.

Portfolio of foreign exchange derivatives designated as cash flow hedges

The nominal amounts as well as the fair values of forward currency purchase and sale contracts designated as cash flow hedges are detailed below:

(in millions of euros)		2010		2009	
	Currency	Nominal	Fair Value	Nominal	Fair Value
Forward purchases	USD	-	-	4	-
	GBP	5	-	-	-
	JPY	-	-	9	(1)
	BRL	134	-	137	-
	KRW	52	-	-	-
	Total	**191**	**-**	**150**	**(1)**
Forward sales	USD	230	6	243	12
	JPY	92	(24)	93	(6)
	Total	**322**	**(18)**	**336**	**6**
Call purchases	USD	14	-	58	1
	BRL	20	3	-	-
	Total	**34**	**3**	**58**	**1**
Call sales	USD	39	-	-	-
Put purchases	USD	64	2	-	-
Put sales	BRL	19	-	-	-
Total			**(13)**		**6**

In connection with the hedging of Rhodia's ordinary business transactions, future transaction exchange hedges are regularly set up. At December 31, 2010, the changes in fair value of these forward exchange contracts considered as effective were recognized in equity under the "Hedging reserve" heading in an amount of €18 million.

Changes in the hedging reserve for foreign exchange derivatives in fiscal 2009 and 2010 are shown in the following table:

in millions of euros (excluding taxes)	2010	2009
Carrying amount at January 1,	**(2)**	**(44)**
Amount transferred to profit or loss (1)	7	4
Amount recorded directly in the hedging reserve	(23)	38
Carrying amount at December 31,	**(18)**	**(2)**

(1) Amount recognized in net sales and other operating income and expenses.

In 2010, no hedges on future net sales were discontinued. In 2009, the discontinued hedges had generated a €(7) million expense.

The ineffective portion of cash flow hedges generated a financial gain of €10 million in 2010 and €11 million in 2009.

The contractual flows related to forward currency sales and the flows arising from the future sales transactions are simultaneous; the hedging amount recorded in equity is transferred to profit or loss on the date the sales transaction is recognized in the income statement.

Sensitivity analysis of foreign exchange derivatives qualified as cash flow hedges

The following table shows the impact (prior to the tax impact) of a sudden 10% increase or decrease in the euro against the foreign currencies.

in millions of euros (excluding taxes)	10% decrease in the euro		10% increase in the euro	
	Hedging reserve increase (decrease)	Net profit/(loss)	Hedging reserve increase (decrease)	Net profit/(loss)
12/31/2010	(16)	-	13	-
12/31/2009	(22)	-	18	-

The following table shows the impact (prior to the tax impact) of a sudden 10% increase or decrease in the Brazilian real against the US dollar.

in millions of euros (excluding taxes)	10% decrease in the real		10% increase in the real	
	Hedging reserve increase (decrease)	Net profit/(loss)	Hedging reserve increase (decrease)	Net profit/(loss)
12/31/2010	(12)	-	13	-
12/31/2009	(13)	-	11	-

26.4. Management of risk related to fluctuations in the price of commodities

Rhodia's exposure to the risks related to fluctuations in the price of commodities mainly arises from its purchases of petrochemicals and natural gas.

Rhodia may hedge these risks by using (firm or indexed) swaps, options or futures and forward contracts depending on its identification of market conditions and the expected trend in its contractual purchase prices.

At December 31, 2010, Rhodia held derivatives designated as cash flow hedges, whose fair value was recognized in the balance sheet for less than €1 million under assets and liabilities (€1 million under liabilities in 2009). The fair value of derivatives not designated as hedges was recognized in the balance sheet for €8 million under assets and for €5 million under liabilities (€9 million under liabilities at December 2009).

Changes in the hedging reserve for commodity derivatives in 2010 and 2009 are shown in the following table:

in millions of euros (excluding taxes)	**2010**	**2009**
Carrying amount at January 1,	**(1)**	**(14)**
Amount transferred to profit or loss (1)	1	15
Amount recorded directly in the hedging reserve	-	(2)
Carrying amount at December 31,	**-**	**(1)**

(1) Amount recognized in Cost of sales

Sensitivity analysis of derivative instruments

The following table shows the impact (prior to the tax impact) of a sudden 10% increase or decrease in commodity prices.

in millions of euros (excluding taxes)	10% price increase		10% price decrease	
	Hedging reserve increase (decrease)	Net profit/(loss)	Hedging reserve increase (decrease)	Net profit/(loss)
12/31/2010	-	(5)	-	6
12/31/2009	(1)	-	1	-

26.5. Carbon instrument risk management (EUA/CER)

CER future sale hedges

Rhodia hedges against fluctuations in the future sale prices of CERs (certificates for the reduction of CO_2 emissions) mainly through forward CER sales via Orbeo, which is 50% owned in partnership with Société Générale.

At December 31, 2010, Rhodia sold forward CERs with delivery guarantees in a notional amount of around €119 million (€131 million at December 31, 2009). These derivatives were recognized under cash flow hedge accounting.
The fair value of these forward CER sales was recognized in the Rhodia balance sheet under assets in the amount of €28 million (€45 million at December 31, 2009) and under liabilities in the amount of €7 million (€11 million at December 31, 2009).

Changes in the hedging reserve for carbon derivatives in fiscal 2010 and 2009 are shown in the following table:

in millions of euros (excluding taxes)	2010	2009
Carrying amount at January 1,	**33**	**22**
Amount transferred to profit or loss (1)	(29)	(12)
Amount recognized directly in the hedging reserve	17	23
Carrying amount at December 31,	**21**	**33**

(1) Amount recognized in Net sales.

Other activities of Orbeo

Orbeo also performs proprietary trading and arbitrage transactions. At December 31, 2010, the fair values of the derivatives contracted by Orbeo were recognized for €36 million in Rhodia's assets and for €29 million in its liabilities (€33 million in assets and €36 million in liabilities at December 31, 2009).

These derivatives generated a €2 million loss in 2010 (the impact was immaterial in 2009).

Sensitivity analysis of EUA/CER derivative instruments

The following table shows the impact (prior to the tax impact) of a sudden 10% increase or decrease in carbon instrument prices:

in millions of euros (excluding taxes)	10% price increase		10% price decrease	
	Hedging reserve increase (decrease)	Net profit/(loss)	Hedging reserve increase (decrease)	Net profit/(loss)
12/31/2010	(10)	-	10	-
12/31/2009	(10)	1	9	(1)

26.6. Credit risk

The financial assets that may potentially expose Rhodia to credit risk are as follows:

- short-term investments;
- derivatives;
- trade receivables;
- loans granted.

The maximum exposure of financial assets to credit risk corresponds to their net carrying amount (see Note 25).

Cash investments and derivatives

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. The maximum concentration within one financial institution is less than 40%.
In addition, most of these transactions as well as those with a maturity of more than one year are carried out with counterparties which have ratings from these agencies that are equal or greater than A- and A1 respectively (December 31, 2010 ratings).

Trade receivables

Credit risk exposure mainly depends on the individual characteristics of customers, more particularly customer default risk and country risk.
Rhodia's customer portfolio is very diversified with more than 10,000 customers, with a limited concentration (the 30 largest customers represent less than one third of Group net sales).
Rhodia sells exclusively to industrial firms or distributors, the vast majority of which are from the private sector.

Most of Rhodia's customers are regular, and net sales with new customers represent around 5%.

Rhodia's financial management set up a customer risk management organization and procedures. In each country where Rhodia is located, a financial team (credit management) is responsible for analyzing and preventing customer credit risk as well as recovery.

Customer risk management procedures were set up at Group level:

a) Risk categories and credit lines:
A risk category and credit line are allocated to each customer:
- the risk category is determined using a scoring method for which the criteria are the customer's size, profitability and indebtedness;
- the credit line is assessed by credit management, according to the customer's risk category, a financial analysis of the customer and/or an external rating.

b) Credit line guarantees:

Rhodia partially guarantees net sales through a credit insurance policy to hedge its financial exposure on its major customers.
- The authorizations granted by the credit insurer fully or partially guarantee the credit lines defined by credit management;
- When export sales cannot be insured, credit management can decide whether they should be guaranteed using documentary credit or letters of credit;
- Rhodia's general terms and conditions of sale contain a reservation of ownership clause, so that the Group is guaranteed in the event of default.

c) Management of exceeded credit lines and outstanding receivables:
- The IT systems are configured so as to systematically report an exceeded credit line or an outstanding receivable;
- An exceeded credit line or outstanding receivable systematically blocks any new customer orders in the IT systems;

- Only credit management is authorized to accept the confirmation of a new order from a customer with an exceeded credit line or outstanding receivable.

Trade receivables are impaired individually if it is highly probable that they will not be partially or fully recovered.

Trade receivables aging report

(in millions of euros)	At December 31, 2010	At December 31, 2009
Not due	682	513
Overdue:	70	78
- less than 30 days	*16*	*15*
- between 30 and 180 days	*4*	*3*
- more than 180 days	*50*	*60*
Allowance	(52)	(53)
Total	**700**	**538**

Other receivables
The financial assets under the "State and local authorities" heading do not present any major credit risk.
The other headings mainly relate to non-recurring transactions monitored on an individual basis.

26.7. Liquidity risk

Cash flows arising from financial liabilities by maturity date at December 31, 2010

The table below shows the contractual cash flows arising from financial liabilities including interest rate flows:

(in millions of euros)	Carrying amount	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	**2,783**	**3,462**	**1,194**	**149**	**1,106**	**1,013**
Non-secured bonds	1,027	1,561	80	66	405	1,010
OCEANE[1]	569	683	3	3	677	
Securitization of receivables	66	70	70	-	-	-
Bilateral credit facilities	258	284	238	29	17	-
Finance lease debts	5	6	-	1	5	-
Accrued interest payable	26	26	26	-	-	-
Trade payables	773	773	773	-	-	-
Other debts	59	59	4	50	2	3
Derivative financial liabilities	**94**	**94**	**44**	**29**	**21**	**-**
Of which foreign exchange derivatives	33	33	13	5	15	-
Disbursements	33	33	13	5	15	-
Collections						
Total financial liabilities	**2,877**	**3,556**	**1,238**	**178**	**1,127**	**1,013**

[1] *Assuming the OCEANE bonds are not converted*

Liquidity risk management

Rhodia limits its exposure to liquidity risk by pooling the liquidities generated by its subsidiaries and measuring their amount on a regular basis in order to make them readily available. The excess cash is invested preferably with Rhodia S.A. and in Brazil. The Group uses its cash pooling system to manage and invest excess available cash in liquid instruments.

In addition, Rhodia regularly monitors its liquidity and uses levers to meet any major financial requirements.

At December 31, 2010 and 2009, the liquidity position breaks down as follows:

(in millions of euros)	2010	2009
Other liquid current financial assets	8	84
Non-utilized credit facilities	534	543
Cash and cash equivalents	782	691
Liquidity position	**1,324**	**1,318**

At December 31, 2010, Rhodia had, via its syndicated credit facility ("RCF"), an undrawn and immediately available credit line of €534 million.

The fact that Rhodia can grant collateral and financial guarantees means that it is always able to raise new financing if need be and if the market conditions allow it.

Finally, Rhodia regularly monitors the financial markets in order to identify possibilities of refinancing its bonds. Hence, Rhodia conducted two refinancing programs in the second and third quarters of 2010. It respectively issued a €500 million high yield bond, bearing interest at a 7% annual fixed rate and maturing in 2018 and a $400 million high yield bond bearing interest at a 6.875% fixed annual rate and maturing in 2020. The entire net proceeds of these programs were allocated to the partial redemption of its Floating Rate Notes maturing in 2013 with an initial value of €1.1 billion.
These transactions enabled the Group to successfully extend its debt maturity profile under satisfactory financial conditions. At December 31, 2010, the average maturity of Rhodia's bonds was five and a half years, compared to nearly four years at December 31, 2009.

26.8. Capital management

To maintain a satisfactory financial structure and manage its indebtedness compared to the profitability of its operations, Rhodia uses the net debt/recurring EBITDA ratio.
Net debt is defined as the sum of long-term borrowings, short-term borrowings and the current portion of long-term borrowings less cash and cash equivalents and other current financial assets.

27. Retirement benefits and similar obligations

The obligations recognized in the balance sheet break down as follows:

(in millions of euros)	2010	2009
Obligations recognized in liabilities:		
Retirement benefits	1,430	1,482
Other employee benefits	80	71
Total	**1,510**	**1,553**
Of which:		
Non-current	1,419	1,459
Current	91	94
Expenses recognized in profit or loss:		
Retirement benefits	77	76
Other employee benefits	14	7
Total	**91**	**83**

Actuarial assumptions

The main actuarial assumptions used to measure defined benefit plan obligations are as follows:

	2010			2009		
	France	United States	United Kingdom	France	United States	United Kingdom
Discount rate	4.50%	5.00%	5.40%	4.50%	5.50%	5.70%
Salary increase rate	3.50%	3.00%	3.80%	3.50%	3.00%	4.00%
Retirement pension increase rate	2.00%	n/a	3.30%	2.00%	n/a	3.50%
Mortality table	TGH 05 and TGF 05 (Insee 2004/2006)	RP 2000 Combined	114% PCA00 104% PCA00	TGH 05 and TGF 05 (Insee 2004/2006)	RP 2000 Combined	114% PCA00 104% PCA00

Assumptions relating to mortality rates are based on published statistical and historical data for each country.

The probability assumptions regarding the retention of employees in the Group, future salary increases and a retirement age of between 60 and 67 years old are determined according to the countries and applicable laws.

Sensitivity of obligations to the actuarial assumptions

In the event of increases or decreases in the discount rates, the present value of the obligations at December 31, 2010 and cost of services rendered in 2010 would be as follows:

(in millions of euros)	December 31, 2010 discount rate	- 50 basis points	+ 50 basis points
Present value of the obligations	2,711	2,883	2,556
Cost of services rendered	23	25	21

A 50 basis point increase or decrease in the rate of return on plan assets would have a negligible impact on the profit or loss component “Expected return on plan assets.”

A 100 basis point increase or decrease in the presumed medical cost rates would have a negligible impact on the profit or loss components (cost of services rendered and interest cost) and the cumulative obligation in respect of post-employment benefits relating to medical costs (€1 million).

The medical cost rates totaled 8.5% in the United States and 6% in the United Kingdom.

Return on plan assets

Plan assets are comprised of the following:

(as a percentage)	2010	2009
Shares	36%	36%
Bonds	37%	37%
Liability Driven Investments (a)	14%	22%
Diversified funds (b)	9%	4%
Real estate	3%	-
Other	1%	1%

(a) Assets portfolio (mainly floating-rate bonds) with interest and inflation rate swaps, structured to replicate the exposure of retirement obligations to fluctuations in these rates, in order to reduce the volatility of the deficit.

(b) Funds having little correlation with the equity market, invested in widely diversified assets: convertible shares and bonds, high-yield bonds, hedge funds, private equity, commodities, emerging markets, infrastructures, real estate, foreign currencies.

Plan assets do not include any financial instruments specific to Rhodia or real estate assets occupied by the Group.

The expected rates of return are determined based on the allocation of assets and expected yield projections, given past trends.

	At December 31, 2010			At December 31, 2009		
	France	United States	United Kingdom	France	United States	United Kingdom
Expected return on pension plan assets	n/a	7.00%	6.23%	n/a	7.00%	6.44%

In France, retirement benefit obligations are not hedged through dedicated funds. Rhodia is totally responsible for making these payments.

27.1. Retirement benefits

Description of obligations in connection with defined benefit plans

Retirement obligations include retirement and other post-employment benefits, including termination benefits. The corresponding obligations mainly concern current or retired employees in the United States, the United Kingdom and France. These three countries represent 90% of the Group's total obligations.

In France, these obligations mainly include termination benefits, a closed "IRP RP" defined benefit plan, and an "ARS" supplementary retirement plan. The main characteristics of these plans are as follows:

- The "IRP RP" plan is for all current and retired employees who contributed to the plan prior to its closure. It offers a full benefit guarantee compared with the end-of-career salary, and has no longer applied since the 1970s;

- The "ARS" plan is for executives. It sets a level of benefits independently of the change in mandatory plan benefits. It is subject to conditions of end-of-career salary, retirement age and seniority in the Group. This plan is supplemented for executive managers depending on the potential rights arising from the plans specific to this category.

In the United States, they are mainly related to the following plans:

- The "Pension Equity Plan" enabling the acquisition of increasing capital according to age brackets. This plan was closed in 2003 and replaced by a defined contribution plan;

- The "Hourly Plan" providing for the acquisition of a percentage of salary by year of service (resulting from negotiations with trade unions);

- The "Restoration Plan" and "Senior Executive Retirement Plan" covering the portion of salary exceeding the limits of the "Pension Equity Plan" or granting specific guarantees to a very small group of senior executives.

In the United Kingdom, there is mainly a defined benefit plan with entitlement to a salary percentage acquisition rate per year of service. This plan was closed in 2003 and replaced by a defined contribution plan. This plan provides for a contribution rate according to age brackets.

An actuarial valuation of defined benefit obligations is performed at least once a year at the balance sheet date by independent actuaries.

Obligations recognized in the balance sheet

The obligations recognized in the balance sheet break down as follows:

(in millions of euros)	At December 31,				
	2010	2009	2008	2007	2006
Present value of unfunded obligations	1,107	1,139	1,005	975	969
Present value of funded obligations	1,514	1,406	1,092	1,423	1,551
Present value of total obligations	**2,621**	**2,545**	**2,097**	**2,398**	**2,520**
Fair value of plan assets	(1,185)	(1,064)	(946)	(1,234)	(1,287)
Net value of obligations	**1,436**	**1,481**	**1,151**	**1,164**	**1,233**
Unrecognized past service cost	(7)	(8)	-	(3)	(4)
Assets not recognized in accordance with asset ceiling rules	-	8	16	-	3
Net present value of recognized obligations	**1,429**	**1,481**	**1,167**	**1,161**	**1,232**
Balance sheet amounts:					
Assets	1	1	1	-	1
Liabilities	1,430	1,482	1,168	1,161	1,233

In France, the agreement of November 6, 2009 revised upwards the scales for termination benefits under the National Collective Bargaining Agreement governing the Chemicals Industry.
The past service cost not yet amortized relating to this plan amendment totaled €7million at December 31, 2010, compared to €8 million at December 31, 2009.

In Brazil, the plan surplus of €8 million was not recognized in 2009 following the asset ceiling rules. In 2010, this plan no longer shows any surplus.

Analysis of the present value of the recognized obligation

The present value of the obligations and the fair value of the assets break down as follows:

(in millions of euros)	2010	2009
Present value of obligations at the beginning of the period	**2,545**	**2,097**
Cost of services rendered	18	15
Interest cost	138	129
Benefits paid	(150)	(146)
Employee contributions	1	1
Past service cost	-	8
Actuarial gains and losses	(1)	368
Currency translation differences	73	74
Liabilities classified as held for sale (1)	(2)	-
Curtailments and settlements	(1)	(1)
Present value of obligations at the end of the period	**2,621**	**2,545**
Fair value of plan assets at the beginning of the period	**1,064**	**946**
Expected return on assets	79	67
Actuarial gains and losses on return on assets	31	22
Employer contributions	39	37
Employee contributions	1	1
Benefits paid	(87)	(84)
Currency translation differences	58	75
Fair value of plan assets at the end of the period	**1,185**	**1,064**
Present value of the obligation	**1,436**	**1,481**
Unrecognized past service cost	(7)	(8)
Assets not recognized in accordance with asset ceiling rules	-	8
Present value of the recognized obligation	**1,429**	**1,481**

(1) Salicylics activities.

The present value of the obligation corresponds to the difference between the present value of the obligations and the fair value of the plan assets.

The breakdown of obligations and assets by geographical area is as follows:

(in millions of euros)	At December 31, 2010			At December 31, 2009		
	France	Other countries	Total	France	Other countries	Total
Present value of the obligation	953	1,668	2,621	980	1,565	2,545
Fair value of plan assets	-	(1,185)	(1,185)	-	(1,064)	(1,064)
Total	**953**	**483**	**1,436**	**980**	**501**	**1,481**

The actual rate of return on plan assets amounted to €89 million in 2009 and €110 million in 2010. The expected rate of return was €67 million for 2009 and €79 million for 2010. Actuarial gains and losses were recognized to account for the difference between these two amounts, i.e. a €22 million gain for 2009 and a €31 million gain for 2010.

The amount disbursed by the Group with respect to defined benefit plans corresponds to benefits paid to employees (€150 million in 2010, compared to €146 million in 2009) and Rhodia's contributions to funds (€39 million in 2010, compared to €37 million in 2009), less the benefits paid directly by these funds (€87 million in 2010, compared to €84 million in 2009). This amount totaled €102 million in 2010 and €99 million in 2009 and is expected to total around €100 million in 2011.

Expense for the year

The expense relating to retirement benefit obligations breaks down as follows:

(in millions of euros)	2010	2009
Cost of services rendered	18	15
Interest cost	138	129
Expected return on plan assets	(79)	(67)
Amortization of past service cost	1	-
Curtailments and settlements	(1)	(1)
Total expense recognized on profit or loss	**77**	**76**

The cost of services rendered is recognized in operating profit or loss by destination. The interest cost and the expected return on plan assets have been recognized respectively in finance costs and finance income.

The actuarial gains and losses relating to retirement benefit obligations recognized in the Consolidated statements of recognized income and expense are as follows:

(in millions of euros)	2010	2009	2008	2007	2006
Actuarial gains and losses (1)	**(32)**	346	49	7	41
Application of assets ceiling rules	**(9)**	(8)	16	(3)	11
Total	**(41)**	**338**	**65**	**4**	**52**
(1) Of which:					
Experience adjustments on measurement of obligations – loss/(gain)	**(36)**	10	62	28	3
Experience adjustments on measurement of plan assets – loss/(gain)	**(31)**	(22)	109	1	(41)

27.2. *Other employee benefits*

Description of obligations and actuarial assumptions

Other benefits granted to employees are mainly comprised of bonuses related to employee seniority in addition to other post-employment benefits in France, the United States and the United Kingdom. The resulting obligations of defined benefit plans have been measured according to the same methods, assumptions and calculation rates as those used for retirement plans.

Obligations recognized in the balance sheet

The net obligation recognized under liabilities in the balance sheet breaks down as follows:

	At December 31,				
(in millions of euros)	**2010**	**2009**	**2008**	**2007**	**2006**
Net value of the unfunded obligations	81	71	80	85	90
Present value of funded obligations	9	6	5	7	8
Present value of the obligation	**90**	**77**	**85**	**92**	**98**
Fair value of plan assets	(8)	(6)	(5)	(7)	(6)
Net present value of obligations	**82**	**71**	**80**	**85**	**92**
Unrecognized past service cost	(2)	-	-	-	-
Obligations recognized in liabilities	**80**	**71**	**80**	**85**	**92**

On June 30, 2010, Rhodia signed an agreement regarding the hardship of working conditions, namely a voluntary early retirement plan which will expire on December 31, 2011.
The unamortized past service cost relating to this agreement totaled €2 million at December 31, 2010.

Analysis of the present value of the obligation recognized under liabilities in the balance sheet

The net obligation recognized under liabilities breaks down as follows:

(in millions of euros)	**At December 31, 2010**	**At December 31, 2009**
Present value of obligations at the beginning of the period	**77**	**85**
Cost of services rendered	5	5
Interest cost	4	5
Benefits paid	(8)	(10)
Past service cost	5	(5)
Actuarial gains and losses	5	(4)
Currency translation differences	3	2
Curtailments and settlements	(1)	(1)
Present value of obligations at the end of the period	**90**	**77**
Fair value of plan assets at the beginning of the period	**6**	**5**
Employer contributions	1	1
Benefits paid	-	(1)
Currency translation differences	1	1
Fair value of plan assets at the end of the period	8	6
Net present value of the obligation	**82**	**71**
Unrecognized past service cost	(2)	**-**
Present value of the obligation recognized under liabilities in the balance sheet	**80**	**71**

The amount disbursed by the Group totaled €9 million in 2010, compared to €10 million in 2009, and is expected to reach around €10 million in 2011.

Expense for the year

The expense recognized in profit or loss breaks down as follows:

(in millions of euros)	2010	2009
Cost of services rendered	5	5
Interest cost	4	5
Actuarial gains and losses	3	3
Amortization of unrecognized past service cost	3	(5)
Curtailments and settlements	(1)	(1)
Expense recognized in the income statement	**14**	**7**

28. Provisions

28.1. Analysis by type

(in millions of euros)	At December 31, 2010			At December 31, 2009		
	More than one year	Less than one year	Total	More than one year	Less than one year	Total
Restructuring	5	16	**21**	8	41	**49**
Environment	225	46	**271**	194	45	**239**
Other provisions for contingencies and losses	195	70	**265**	168	74	**242**
Total	**425**	**132**	**557**	**370**	**160**	**530**

28.2. Movements over the year

(in millions of euros)	At January 1, 2010	Net charge	Utilization	Currency translation differences	Other movements	At December 31, 2010
Restructuring	49	-	(29)	1	-	21
Environment	239	45	(29)	16	-	271
Other provisions for contingencies and losses	242	33	(26)	14	2	265
Total	**530**	**78**	**(84)**	**31**	**2**	**557**

28.3. Restructuring

Restructuring provisions cover the following costs:

(in millions of euros)	At December 31, 2010	At December 31, 2009
Employee expenses	12	29
Other costs	9	20
Total	**21**	**49**

Employee expenses include costs resulting from miscellaneous departure measures, including early retirement plans. The plans set up include voluntary, i.e. proposed by the employer and accepted by the employee, or involuntary, i.e. at the employer's sole discretion, departure measures.
The provisions relating to involuntary measures are recognized as soon as they are officially announced by executive management to the employee representative bodies of the employees concerned by the detailed implementation plan.

Changes in fiscal year 2010

The new measures in 2010 represented a total estimated cost of €10 million and mainly correspond to the closure of the Valencia site of Acetow in Venezuela as well as the transfer of specialty surfactants activities from Leeds to Halifax (Novecare). The impairment of current and non-current assets related to the Valencia site closure amounted to €4 million.
In addition, changes in estimates of previous plans mainly result from the review of provisions recorded in previous years in France, Italy, the United Kingdom and the United States for the Polyamide, Novecare and Salicylics businesses.

Utilizations of provisions relating to employee expenses and sites closures represented €(29) million and mainly correspond to the closure of industrial activities at the Ceriano, Valencia, Saint Fons and Roussillon sites, as well as productivity improvement plans in France, Germany, the United States and Brazil and in support functions in Europe.

Changes in fiscal year 2009

New measures represented a total estimated cost of €24 million and mainly concern the competitiveness improvement plans initiated for Polyamide, Silcea and Novecare as well as the support functions and Salicylics activities. In France, the plans primarily involved the industrial facilities of Belle Etoile, Valence, Melle, Chalampe and Saint Fons Chimie as well as support functions for a total cost of €14 million. Abroad, new measures represented a cost of €10 million, mainly corresponding to the closure of two Asian sites (Ruohai and Ambarnath) and plans to improve productivity in industrial facilities and administrative and sales departments in North America (€4 million), Brazil (€2 million) and the United Kingdom.

Utilizations of provisions relating to employee expenses and sites closures represented €(37) million and mainly correspond to the closure of industrial activities at the Ceriano, Ambarnath, Mulhouse, Avonmouth and Roussillon sites, as well as productivity improvement plans in the United States and Brazil and in support functions in Europe.

28.4. Environment

Rhodia periodically assesses its environmental liabilities and future possible remediation measures.
As indicated in Note 2.19, the provision is estimated by taking into account future discounted cash flows.

The discount rates used at December 31, 2010 are determined by geographical area based on inflation and risk-free interest rates (government bonds) over the probable term of the remediation obligations related to the sites.

	5 years	10 years	20 years
France	-	1.30%	-
Europe (except United Kingdom and France)	0.90%	-	-
United Kingdom	0.20%	-	2.10%
United States	-	1.30%	-
Brazil	-	5.80%	5.80%

At December 31, 2010, provisions related to environmental risks totaled €271 million, compared with €239 million at December 31, 2009.

The main provisions by geographical area are as follows:

(in millions of euros)	At December 31, 2010	At December 31, 2009
South America	112	87
France	87	83
North America	40	39
United Kingdom	24	21
Europe (except France and United Kingdom)	8	9
Total environmental provisions	**271**	**239**

The South American area mainly covers sites located in Brazil, in particular the Cubatão, Paulinia and Santo Andre sites.
In France, these provisions include the La Rochelle, Thann, Wattrelos, Mulhouse, Pont de Claix and Lille sites and several former mining sites (Nancy, Sain Bel, Chizeuil).
The North American area principally covers the sites located in the United States, notably the Silverbow, New Brunswick, Dalton, Charleston, Morrisville and Dominguez sites.
In the United Kingdom, the provisions mainly cover the Staveley, Whitehaven, Oldbury Rattlechain and Halifax sites.

The provisions mostly relate to sites or activities which have been shut down, some of them even before the creation of Rhodia.

Changes in fiscal year 2010

A net charge of €45 million was recognized and breaks down as follows:

- €32 million corresponding to additional provisions mainly for the following sites: Cubatão, Santo Andre and Paulinia in Brazil (€18 million), La Rochelle, Pont de Claix, Chizeuil, Wattrelos and Mulhouse in France, Olbury Rattlechain in the United Kingdom, Rottweil in Germany, Silverbow and Dominguez in the United States and Widnau in Switzerland;
- €6 million corresponding to the change in the discount rate assumption;
- and €7 million in charges linked to financial discounting.

Utilizations of provisions amounted to €(29) million and mainly concerned the sites of:

- Cubatão, Paulinia and Santo Andre in Brazil, for respectively €(10) million, €(1) million, €(1) million;
- La Rochelle for €(1.5) million and Pont de Claix, Wattrelos and Mulhouse, each for €(1) million in France;
- Widnau for €(2) million and Castiglione for €(1) million in Europe (except France);
- New Brunswick for €(1.5) million and Silverbow for €(1) million in the United States.

Changes in fiscal year 2009

A net charge of €39 million was recognized and breaks down as follows:

- €33 million corresponding to additional provisions mainly for the following sites: Cubatão in Brazil, Castiglione in Italy, La Rochelle, Pont de Claix, Nancy and Mulhouse in France, Widnau and Emmenweid in Europe (except France) and Silverbow in the United States;
- and €6 million in charges linked to financial discounting.

Utilizations of provisions amounted to €(24) million and mainly concerned the sites of:

- Cubatão for €(9) million in Brazil;
- La Rochelle and Mulhouse, each for €(2) million, and Wattrelos for €(1) million in France;
- Widnau for €(1) million in Europe (except France);
- Silverbow and New Brunswick, each for €(1) million, in the United States.

Contingent environmental liabilities and re-estimates

Based on current information, Rhodia's management estimates that it does not have probable liabilities for environmental matters other than those provided for at December 31, 2010. However, Rhodia may need to incur additional expenditure if there are changes to existing laws, regulations or their interpretations.

Estimated contingent liabilities before discounting, which amounted to around €181 million at December 31, 2009 increased to around €197 million at December 31, 2010, mainly relating to La Rochelle site in France for the re-estimated forecast cost of introducing waste or materials in a future storage center designed for radioactive products and graphites and the Cubatão site (Brazil) for the re-estimated forecast cost of a possible obligation to incinerate waste off site. Excluding the impact of these sites, contingent liabilities have not significantly changed since December 31, 2009.

In addition to the La Rochelle and Cubatão sites, contingent liabilities mainly relate to the Pont de Claix site in France for the possible containment of an internal landfill and the possible treatment of pollution areas, as well as the Silverbow (Montana, United States) site for the possible obligation to incinerate waste off site.

28.5. Other provisions

Other provisions mainly concern tax litigation and the provided risks and costs relating to operations sold or being sold.

Changes in 2010 relate essentially to the revaluation of various tax risks (see Note 9).

29. Trade and other payables

(in millions of euros)	At December 31, 2010	At December 31, 2009
Operating goods and services payable	751	603
Capital expenditure payable	22	17
Employees and social security	201	158
State and local authorities (1)	86	71
Accrued expenses	11	8
Other	42	30
Total	**1,113**	**887**

(1) At the end of December 2010, the heading "State and local authorities" included a liability with respect to CO_2 allowances to be returned for €18 million (€13 million at the end of December 2009).

30. Leases

30.1. Operating leases

The income and expenses relating to operating leases in 2010 and 2009 break down as follows:

(in millions of euros)	2010	2009
Minimum lease payments	(31)	(34)
Sublease payments	2	2
Total	**(29)**	**(32)**

Minimum future payments related to operating leases can be analyzed as follows:

(in millions of euros)	At December 31, 2010	At December 31, 2009
Less than one year	34	30
From one to five years	64	71
More than five years	22	34
Total	**120**	**135**

30.2. Finance leases

The reconciliation between future finance lease payments and their present value is as follows:

(in millions of euros)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
At December 31, 2010				
Minimum future lease payments	-	6	-	**6**
Interest	-	(1)	-	**(1)**
Minimum future lease payments excluding interest	**-**	**5**	**-**	**5**

(in millions of euros)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
At December 31, 2009				
Minimum future lease payments	-	5	1	**6**
Interest	-	(1)	-	**(1)**
Minimum future lease payments excluding interest	**-**	**4**	**1**	**5**

31. Off-balance sheet commitments and contractual obligations

In connection with their ordinary business, certain Group operating entities have subscribed to long-term contracts. Some of these contracts include take-or-pay clauses under which the entities and the relevant third parties undertake to make firm purchases and deliveries of pre-defined quantities of gas, electricity or steam and related services, as well as commodities. These contracts were documented as being outside the scope of IAS 39.

(in millions of euros)	At December 31, 2010	At December 31, 2009
Commitments relating to operating activities		
Firm and irrevocable commodity purchase commitments	**2,470**	**2,205**
Goods	1,642	1,556
Energy (1)	828	649
Investment commitments	**85**	**33**
Firm orders for the acquisition of industrial assets	85	33
Guarantees given (2)	**66**	**57**
Supplies & Routing	42	31
Maintenance of operating sites	24	26
Assets pledged	**30**	**34**
Non-financial assets	2	2
Financial assets	28	32
Total commitments	**2,651**	**2,329**

(1) The commitments for the acquisition of energy mainly involve the Exeltium contract for 4,3TWh over 20 years.
(2) Via the Multicurrency Syndicated Revolving Credit Facility (see Note 24.4).

At December 31, 2010, the Group did not include significant commitments given relating to its scope of consolidation and its financing other than those identified in other notes to the financial statements.

32. *Litigation*

32.1. Legal proceedings

In the ordinary course of its business, Rhodia is involved in a certain number of judicial, arbitral and administrative proceedings. These proceedings are mainly initiated by buyers of businesses sold by Rhodia or involve environmental or civil liability compensation claims related to marketed chemicals. Rhodia is also subject to certain claims and lawsuits which fall outside the scope of the ordinary course of its business, the most significant of which are summarized below in this section.
Provisions for the charges that could result from these procedures are not recognized until they are probable and their amount can be reasonably estimated. The amount of provisions made is based on Rhodia's assessment of the level of risk on a case-by-case basis and depends on its assessment of the basis for the claims, the stage of the proceedings and the arguments in its defense, it being specified that the occurrence of events during proceedings may lead to a reappraisal of the risk at any moment.
In addition, certain of the Group's US subsidiaries have potential liabilities under US Federal Superfund legislation and environmental regulations. Given the nature of the proceedings, the number of plaintiffs, the volume of waste at issue and the provisions that have already been recognized for these cases, Rhodia estimates that these claims will not result in significant costs for the Group and will not give rise to significant additional provisions.
Finally, Rhodia believes that there is no litigation or exceptional issues that, taken individually or as a whole, could have a material negative impact on its business, financial position or results, other than those detailed below.

Litigation with shareholders

Two suits brought in January 2004 before the Paris Commercial Court by certain shareholders were adjourned:

- an individually brought ("ut singuli") action challenges sanofi-aventis (formerly Aventis) and certain individuals who were members of the Board of Directors of the Company at the time of the alleged facts. This action disputes the terms and conditions of the acquisition of Albright & Wilson by Rhodia. The plaintiffs demand that the defendants be ordered to pay the Company €925 million as compensation for the alleged harm the Company suffered. These proceedings were adjourned on January 27, 2006;
- the other suit challenges sanofi-aventis (formerly Aventis), certain individuals who were members of the Board of Directors of the Company and the Statutory Auditors at the time of the alleged facts, as well as the Company on a subsidiary basis. This action alleges that the information on environmental risks and deferred tax assets made public by the Company in 2001 and until January 29, 2002 in respect of the acquisition by Rhodia of Albright & Wilson and then Chirex, were inaccurate and misleading. Both plaintiffs demand that the defendants be ordered to pay €131.8 million as a compensation for damages. These proceedings were adjourned on February 10, 2006.

Both proceedings were adjourned due to the existence of a criminal investigation conducted by examining magistrates of the financial division of the Paris Court of First Instance concerning the same facts and pursuant to three criminal proceedings instituted in 2003 and 2004 against an unspecified defendant by the same shareholders for misuse of company assets, insider dealings, publication of false or misleading information, fraudulent balance sheet and disclosure of inaccurate accounts. Rhodia decided to join the criminal investigation as a plaintiff claiming damages ("partie civile") on January 25, 2006. The investigation was still in progress as of December 31, 2010.

Commercial litigation

Innophos litigation

On November 8, 2004, Rhodia received from Innophos, a subsidiary of Bain Capital, a complaint originating from Mexico's National Water Commission relating to water use at the Coatzacoalcos site during the period from 1998 to 2002. The total claim amounted to approximately 1.5 billion Mexican pesos (around €100 million), including user fees, interest and penalties. The Coatzacoalcos site was part of the specialty phosphates business that was sold in August 2004 to Bain Capital, giving rise to the creation of a new company, Innophos. To best protect its interests, Rhodia then informed Bain that it was willing to assume direct responsibility, subject to certain legal reservations, for resolving this matter with the Mexico National Water Commission. The amount of the initial claim was lowered following the application made by Rhodia to the administrative authority to reconsider and materialized by a decision rendered in August 29, 2005. 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 6, 2009, in a ruling on the appeal filed by Rhodia (on behalf of Innophos), the Supreme Court of Mexico affirmed

the lower courts' rulings. Innophos, which will be indemnified by Rhodia pursuant to a 2004 divestiture agreement and in application of a judgment rendered by the Courts in New-York, is therefore liable for the higher rate due for the fresh water used during the period 1999-2002 at the Coatzacoalcos plant. The total amount payable is approximately 20 M€ (which amount includes fines, inflation adjustments and penalties). Rhodia has previously taken a financial reserve for its indemnification exposure.

City of Metz litigation

At the request of the City of Metz, an expert was appointed by the Administrative Court of Nancy in 2002 in order to review the regulatory compliance of chloride disposals involving Solvay Carbonate France and Novacarb (Rhodia Chimie acting as guarantor for Novacarb in connection with Rhodia's sale of certain basic chemicals industrial and commercial activities to Bain Capital in 2002) and the financial loss which, according to the City of Metz, this chloride waste would have caused by necessitating, in particular, investments for the supply and distribution of drinking water in the early 1970s. The expert submitted his report on February 14, 2008. The report confirmed the chloride waste compliance with the operation permits of the installations. The expert also concluded that the current installations for the production of drinking water could supply drinking water to Metz and its suburbs and that, accordingly, the use of new units, and particularly the treatment units, was not necessary, save as a potential back-up system. The expert did not pronounce himself conclusively on the correlation between the City's investments to supply drinking water in the early 1970s and the chloride disposals at the time, or on the evaluation of the loss invoked. As his expertise was of a technical nature, he did not conclude further on whether the actions of the City of Metz were time-barred or not. By writ of summons dated December 30, 2008, the City of Metz nevertheless referred to the tribunal in Metz (tribunal de grande instance) seeking joint and several damages and interest of €51.5 million from Solvay Carbonate France and Novacarb to compensate for its alleged loss. Rhodia has decided not to recognize a provision.

Other proceedings

Rhodia litigation with the Securities and Exchange Board of India

Rhodia S.A. is involved in proceedings in India initiated by the Securities and Exchange Board of India ("SEBI"), which is seeking to require Rhodia to initiate a public tender for 20% of the shares of Albright & Wilson Chemicals India Limited ("AWCIL"), a listed subsidiary of the group formerly known as Albright & Wilson, which Rhodia acquired in 2000 and of which it now owns 72.93%. These shares would be acquired at a price of 278 rupees per share, based on the value of those shares at the time of our acquisition of Albright & Wilson, and increased by interest accrued since 2000. Such a decision by the SEBI would increase Rhodia's holding of AWCIL from 72.93% to 92.93%. As its shareholding would exceed 90%, Rhodia would then be required to initiate a mandatory public tender offer (or "squeeze out") for the remaining 7.07% of outstanding shares for the same price. In this case, all the shares not yet held by Rhodia (27.07%) would be acquired for approximately €7 million. Rhodia is challenging the merits of SEBI's claim but this risk is provided in the financial statements. As of the date hereof, the High Court of Mumbai, which is hearing the case on Rhodia's appeal following an initial unfavorable judgment, has not made a final decision.

Significant proceedings entered into by the Company

Since 2004, the Company is pursuing various proceedings in France, in Brazil and in the United States against sanofi-aventis (Rhône-Poulenc's successor) in respect of environmental and other employee pension liabilities inherited from its former parent company.

Other

Valauret litigation

On March 19, 2005, SA Valauret, a shareholder, brought a suit (in an "ut singuli" proceeding) against the Chairman of the Board of Directors and the Chief Executive Officer before the Nanterre Commercial Court alleging personal mismanagement, in an attempt to have them repay Rhodia the amounts paid to Mr. Jean-Pierre Tirouflet upon his departure in October 2003 (severance payment of €2.1 million and, if applicable, payments made under a supplementary retirement plan for which no sums have been paid to date). By a decision dated May 12, 2010, the Court of Appeal in Versailles has overturned the decision made by the Commercial Court in Nanterre in December 2008. The Court of appeal ruled that Yves-René Nanot and Jean-Pierre Clamadieu did not commit any fault by paying severance benefits to Mr. Tirouflet as part of his employment contract. In addition, the Court of appeal has ruled that the

proceedings had been detrimental to Mr. Nanot and Mr. Clamadieu, having called into question their integrity. This justifies the awarding of damages to both of them. Finally, the Court of appeal ruled that Valauret must pay the legal costs incurred by Mr. Nanot and Mr. Clamadieu as well as Rhodia. Valauret has appealed this decision before the *Cour de cassation*.

32.2. Commitments relating to disposals

In connection with disposals made in 2010 and prior years, Rhodia provided customary warranties related to accounting, tax, employees and environmental matters.
Since the beginning of 2009, Rhodia has received notices of claims in the frame of said warranties but globally concluded that there was no ground therefore or that the conditions of such warranties were not met. Rhodia therefore decided not to account for any significant provision in relation to such claims. The examination of these claims are still in progress on December 31, 2010.
At last, for information, the Group has provided a guarantee of the consequences of the on-going proceedings between Innophos Inc and the National Mexican Water Company (see Note 32.1).

33. Related party transactions

33.1. Transactions with joint ventures, associates and non-consolidated subsidiaries

Transactions with joint ventures, associates and non-consolidated subsidiaries are performed under normal market conditions and break down in the income statement as follows:

(in millions of euros)	2010	2009
Revenue (1)	**110**	**100**
- Non-consolidated subsidiaries	3	2
- Associates	8	9
- Joint ventures	99	89
Cost of sales (1)	**43**	**34**
- Non-consolidated subsidiaries	2	2
- Associates	1	1
- Joint ventures	40	31

(1) Including transactions with related parties which were only related parties for a certain period during the year up to the date of their disposal or liquidation.

The assets and liabilities recognized in Rhodia's balance sheet in respect of related parties are as follows:

(in millions of euros)	2010	2009
Trade and other receivables	**29**	**29**
- Non-consolidated subsidiaries	2	-
- Associates	2	2
- Joint ventures	25	27
Trade and other payables	**28**	**14**
- Non-consolidated subsidiaries	-	-
- Associates	-	-
- Joint ventures	28	14
Net cash (borrowings)	**2**	**4**
- Non-consolidated subsidiaries	2	4
- Associates	-	-
- Joint ventures	-	-

33.2. Compensation and benefits paid to key Group executives

Key Group executives are defined as being company officers (directors) of the Rhodia group or members of Executive Management.

For the purposes of this note, "members of Executive Management" refer to:

- For the period from January 1 to June 30, 2010, the 6 members of the Management Committee, and
- For the period from July 1 to December 31, 2010, the 4 members of the Executive Committee.

The Management Committee was replaced by the Executive Committee at July 1, 2010.

Amounts due in respect of the year (salary) or obligations existing at the end of the year (other elements):

(in thousands of euros, except for subscription options and free shares)	2010	2009
Wages, charges and short-term benefits	5,842	6,683
Total retirement and other post-employment benefits	27,034	26,571
Severance payments (1)	1,902	4,144
Total stock subscription options and free shares granted	618,874	530,140

(1) Severance payments acquired correspond to the commitments undertaken by Rhodia for the Group's key executives in the event of employment contract termination. An agreement between Rhodia S.A. and its Chairman and Chief Executive Officer, approved in May 2009 by the Annual General Meeting, provided for the end of his severance payments.

Amounts paid during the year:

(in thousands of euros, except for subscription options and free shares)	2010	2009
Wages, charges and short-term benefits	5,051	5,504
Severance payments	0	506
Total stock subscription options and free shares granted	340,000	264,000

33.3. Loans granted to key Group executives

At December 31, 2010, no loans were granted to any key Group executives.

34. Share-based payment

The principal changes in the stock option and free share plans occurring during the year were as follows:

	2010			2009		
	Options	Free shares	Total	Options	Free shares	Total
Outstanding at the beginning of the year	**2,574,938**	**1,381,745**	**3,956,683**	**2,032,682**	**1,312,628**	**3,345,310**
Granted	-	1,010,870	**1,010,870**	1,010,000	762,400	**1,772,400**
Cancelled/expired	(468,694)	(78,615)	**(547,309)**	(467,744)	(25,680)	**(493,424)**
Exercised/vested	(75,492)	(318,970)	**(394,462)**	-	(667,603)	**(667,603)**
Outstanding at the year-end	**2,030,752**	**1,995,030**	**4,025,782**	**2,574,938**	**1,381,745**	**3,956,683**

34.1. Share capital increase reserved for employees

In 2010, Group employees were able to subscribe to a reserved share capital increase (Avenir 2010 plan), by means of two options:

- Standard plan: this option offered the opportunity to invest through an intermediary fund in Rhodia shares at a 15% discount on the average opening market price for Rhodia shares on the Paris stock exchange during the twenty trading days prior to July 30, 2010, i.e. €14.89;
- Leveraged plan: this option offered the opportunity to invest in Rhodia shares, based on a tenfold increase in the initial contribution, through a mutual fund or by direct share ownership.

For the two options, the Rhodia shares are locked in for a period of 5 years.

The subscription price was determined using the reference price that was set at €14.89 at July 30, minus a 15% discount, giving a total of €12.66. However, the grant date was set for August 3, 2010, the end date of the withdrawal period for subscribers, giving a share price at that time of €16.30.

In accordance with IFRS 2 and after taking into account the cost of non-transferability for the subscriber, the cost of this transaction, based on observable market data and the specific market characteristics of the Rhodia share, amounted to €6.5 million.

A capital increase of 3 million shares was completed on August 17, 2010 (see Note 23.1).

34.2. Stock option plans

Main changes in stock option plans during the year:

	2010		2009	
	Options	**Weighted average exercise price (in euros)**	**Options**	**Weighted average exercise price (in euros)**
Options outstanding at the beginning of the period	**2,574,938**	**37.36**	2,032,682	62.00
Options granted	-	-	1,010,00	5.62
Options forfeited (1)	(468,694)	62.98	(467,744)	75.91
Options exercised	(75,492)	15.12	-	-
Options outstanding at the end of the period	**(2,030,752)**	**30.02**	**2,574,938**	**37.36**

(1) Stock subscription options forfeited during the year.

The weighted average remaining contractual life of the stock subscription options outstanding at December 31, 2010 is 4 years (5 years at December 31, 2009).

In 2010, of all the plans granted by the Rhodia Board of Directors, 75,492 options related to 2004 A and B plans were exercised.

Current stock option plans

Rhodia S.A. has granted stock subscription options to certain of its executive managers and employees. All of these option plans are payable in shares over the vesting periods mentioned below. The exercise of the stock subscription options is subordinated to the beneficiary's continued employment within the Group on the date of said fiscal year, with certain exceptions (such as retirement). The options vested may be exercised over a period limited in time. The exercise period varies according to the reason for leaving the Group.

During 2010, the Board of Directors did not grant any new stock option plans.

Options granted under the 2004 plans are exercisable over an eight-year period, with a holding period of four years for French tax residents and three years for foreign tax residents as from the grant date by the Board of Directors.

Options granted under the 2001, 2002 and 2003 plans are exercisable over a twelve-year period, with a holding period of four years for French tax residents and three years for foreign tax residents as from the grant date by the Board of Directors.

Options issued under the 2000 plan are exercisable over a ten-year period, with a holding period of five years for French tax residents and three years for foreign tax residents as from the grant date by the Board of Directors.

In accordance with IFRS 2, only the plans granted after November 7, 2002, that were not yet vested at January 1, 2005, were measured and recognized under this standard.

Stock option purchase plan

In 2009, under the authorization granted by the Combined Shareholders' Meeting of May 3, 2007, the Board of Directors approved a new Rhodia stock option purchase plan.

A total of 1,010,000 stock options (for the purchase of the same number of shares) were granted to 41 beneficiaries, at a subscription price of €5.62. The plan is subordinated to the beneficiary's continued employment within the Group and performance conditions based on the achievement of a level of cumulative Free Cash Flow for 2009 and 2010.

Options granted under the 2009 plan are exercisable over an eight-year period, with a holding period of four years for French tax residents and two years for foreign tax residents as from the grant date by the Board of Directors.

The fair value of the stock options was estimated using the Black & Scholes model and the following assumptions:

	2009 plan
Rhodia share price on the grant date	€8.86
Term of the options	8 years
Estimated volatility	43%
Expected dividend return rate	0%
Risk-free interest rate	2.4%

The estimated volatility was determined using the historical volatility of the Rhodia share price and the expectations of market operators. The risk-free interest rate corresponds to the average risk-free interest rate prevailing on the option grant date.

At the end of 2010, the financial performance targets, based on the achievement of a level of cumulative Free Cash Flow in 2009 and 2010, were met.

In 2010, the expense incurred for stock options totaled €2.8 million, whereas in 2009 it amounted to less than €1 million.

Main features of the stock option plans outstanding at December 31, 2010:

	2000/1 Plan	2001 Plan	2002 Plan	2003 Plan	2004 A Plan	2004 B Plan	2009 Plan
Date of shareholders' meeting approval	05/13/1998	04/18/2000	04/18/2000	05/21/2002	05/21/2002	05/21/2002	05/03/2007
Date of grant as approved by the Board of Directors	03/30/2000	03/16/2001	03/20/2002	05/28/2003	06/17/2004	06/17/2004	05/20/2009
Exercise period (a)	7 years from 03/30/2003	9 years from 03/16/2004	9 years from 03/20/2005	9 years from 05/28/2006	5 years from 06/17/2007	5 years from 06/17/2007	6 years from 05/21/2011
Options granted at inception	175,000	215,022	166,667	109,412	225,125	114,375	1,010,000
Of which granted to key Group executives (b)	17,250	19,750	14,837	8,542	29,500	46,250	30,000
Fair value of the option	-	-	-	6.30	2.68	2.76	5.56
Original exercise price (in euros)	205.68	188.40	144.48(e)	66.00(e)	18.00	18.00	5.62
Maximum term (years)	10	12	12	12	8	8	8
Weighted-average remaining contractual life at December 31, 2010 (years)	-	2.2	3.2	4.3	1.4	1.4	6.3
Adjusted exercise price (c)	87.48	80.16	61.44(e)	28.08(e)	15.12	15.12	5.62
Weighted average exercise price	87.48	80.16	62.76	31.44	15.12	15.12	5.62
Weighted average exercise price of exercisable options	87.48	80.16	62.76	31.44	15.12	15.12	-
Options outstanding at December 31, 2009	323,804	400,261	317,984	205,404	201,544	115,941	1,010,000
Options granted between January 1 and December 31, 2010	-	-	-	-	-	-	-
Options forfeited between January 1 and December 31, 2010	(323,804)	(2,352)	(11,771)	(3,930)	(7,252)	(2,085)	(117,500)
Options exercised between January 1 and December 31, 2010	-	-	-	-	(47,226)	(28,266)	-
Options outstanding at December 31, 2010	-	397,909	306,213	201,474	147,066	85,590	892,500
Of which granted to the key Group executives (d)	-	27,221	22,518	7,639	11,864	28,132	90,000
Options exercised at December 31, 2010	-	397,909	306,213	201,474	147,066	85,590	-
Of which granted to the key Group executives (d)	-	27,221	22,518	7,639	11,864	28,132	-
Of which corporate officers							
- Jean-Pierre Clamadieu	-	3,917	6,756	3,721	9,977	14,891	-
- Jacques Khéliff	-	-	-	392	844	795	-
- Yves René Nanot	-	-	-	-	-	11,552	-
Number of beneficiaries at December 31, 2010	-	538	373	397	183	50	37

(a) Without taking into account the tax holding period for tax residents in France of 4 years as from 2001 and 5 years previously.
(b) Key Group executives on the stock option grant date, see definition in Note 33.2.
(c) After the capital increases which took place on May 7, 2004 and December 20, 2005, the Board of Directors adjusted the exercise price and the number of options outstanding in accordance with the French Commercial Code and applicable regulations to stock option plans.
(d) Current key Group executives, see definition in Note 33.2.
(e) Due to a personal commitment, Mr. Tirouflet accepted that the exercise price of his options would be set at €15 (after the 2004 and 2005 adjustments, this price was reduced to €6.38 before the reverse share split or €76.56 after the reverse share split).

34.3. Free share plans

On April 27, 2010, pursuant to a Board of Directors' decision of February 23, 2010, two new plans were granted to 252 beneficiaries (2 x 505,435 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	359,235	146,200	359,235	146,200
Number of beneficiaries	140	112	140	112
Grant date	April 27, 2010		April 27, 2010	
Vesting date	Minimum April 27, 2012	Minimum April 27, 2014	Minimum April 27, 2012	Minimum April 27, 2014
Holding period	Minimum April 27, 2014	-	Minimum April 27, 2014	-
Performance criteria	For the first half (50%) of shares granted: Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2010, exceeding by 2 points the average ratio of a panel of competitors. For the second half (50%) of shares granted: Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2011, exceeding by 2 points the average ratio of a panel of competitors.		For the first half (50%) of shares granted: Level of CFROI [1] (Cash Flow Return On Investments), as presented in the consolidated financial statements of the Company for the year ended December 31, 2010. For the second half (50%) of shares granted: Level of CFROI [1], as presented in the consolidated financial statements of the Company for the year ended December 31, 2011.	
Validation of vesting conditions	Board of Directors		Board of Directors	

[1] CFROI: [Recurring EBITDA - Tax - Maintenance Capex] / [Tangible plus Intangible Gross Assets + Working Capital]

Expense recognized

The expense recognized with respect to all free share plans totaled €7.2 million for the year ended December 31, 2010, including €4.6 million for the new A and B plans granted during the year.

Main features of the free share plans outstanding at December 31, 2010:

	2007 « 4+0 » Plan	2008 B « 2+2 » Plan	2008 B « 4+0 » Plan	2009 A « 2+2 » Plan	2009 A « 4+0» Plan	2009 B « 2+2 » Plan	2009 B « 4+0 » Plan	2010 A « 2+2 » Plan [c]	2010 A « 4+0 » Plan [c]	2010 B « 2+2 » Plan [c]	2010 B « 4+0 » Plan [c]
Date of shareholders' meeting approval	05/03/2007	05/03/2007	05/03/2007	05/03/2007	05/03/2007	05/03/2007	03/05/2007	05/20/2009	05/20/2009	05/20/2009	05/20/2009
Date of grant as approved by the Board of Directors	07/30/2007	03/17/2008	03/17/2008	03/16/2009	03/16/2009	03/16/2009	03/16/2009	04/27/2010	04/27/2010	04/27/2010	04/27/2010
Vesting date	07/31/2011	03/18/2010	03/20/2012	03/16/2011	03/16/2013	03/16/2011	03/16/2013	04/27/2012	04/27/2014	04/27/2012	04/27/2014
Free shares granted at inception	142,755	355,000	156,980	279,800	101,400	279,800	101,400	359,235	146,200	359,235	146,200
Of which granted to the key Group executives (a)	-	117,000	-	117,000	-	117,000	-	157,500	12,500	157,500	12,500
Fair value of the share	34.08	10.94	11.30	2.37	2.37	2.37	2.37	16.80	16.93	16.80	16.93
Period of non-transferability	-	2 years after the vesting period	-	2 years after the vesting period	-	2 years after the vesting period	-	2 years after the vesting period	-	2 years after the vesting period	-
Number of free shares outstanding at December 31, 2009	134,565	342,310	144,870	279,300	100,700	279,300	100,700	-	-	-	-
Free shares granted between January 1 and December 31, 2010	-	-	-	-	-	-		359,235	146,200	359,235	146,200
Free shares forfeited between January 1 and December 31, 2010	(1,575)	(23,340)	(2,500)	(16,600)	(3,500)	(16,600)	(3,500)	(3,500)	(2,000)	(3,500)	(2,000)
Free shares vested between January 1 and December 31, 2010	-	(318,970)	-	-	-	-	-	-	-	-	-
Number of free shares outstanding at December 31, 2010	132,990	-	142,370	262,700	97,200	262,700	97,200	355,735	144,200	355,735	144,200
Of which granted to the key Group executives (b)	-	-	12,500	79,500	12,500	79,500	12,500	105,000	12,500	105,000	12,500
Of which corporate officers											
- Jean-Pierre Clamadieu	-	-	-	37,000	-	37,000	-	50,000	-	50,000	-
- Jacques Khéliff	-	-	-	7,500	-	7,500	-	7,500	-	7,500	-
Number of beneficiaries at December 31, 2010	8,866	-	140	95	68	95	68	137	110	137	110

(a) Key Group executives on the grant date, see definition in Note 33.2.

(b) Current key Group executives, see definition in Note 33.2.

(c) The performance criteria were met at December 31, 2010 and it is assumed that the performance criteria for all plans will be met at December 31, 2011.

35. *Statutory auditors' fees for 2009 and 2010*

	PricewaterhouseCoopers Audit				KPMG Audit			
	Amount (excluding tax)		%		Amount (excluding tax)		%	
(in millions of euros)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Audit								
Statutory auditors, certification; examination of individual and consolidated financial statements	**2,2**	**2,1**	**76%**	**95%**	**1,8**	**1,8**	**82%**	**100%**
Issuer	0,7	0,6	24%	27%	0,4	0,3	18%	17%
Consolidated subsidiaries	1,5	1,5	52%	68%	1,4	1,5	64%	83%
Other tasks and services directly related to the statutory auditor's mission	**0,5**	**-**	**18%**		**0,4**	**-**	**18%**	
Issuer	0,5	-	18%		0,4	-	18%	
Consolidated subsidiaries	-	-	-	-	-	-		
Sub-total	**2,7**	**2,1**	**94%**	**95%**	**2,2**	**1,8**	**100%**	**100%**
Other services provided by the networks to consolidated subsidiaries								
Legal, tax, labor	0,2	0,1	6%	5%	-	-	0%	
Other (detail if > 10% of audit fees)	-	-			-	-		
Sub-total	**0,2**	**0,1**	**6%**	**5%**	**-**	**-**	**0%**	
TOTAL	**2,9**	**2,2**	**100%**	**100%**	**2,2**	**1,8**	**100%**	**100%**

The amounts shown include, for the share of costs borne by Rhodia, the fees relating to proportionately consolidated entities.

36. *Subsequent events*

No post closing event has occurred.

37. *List of companies included in the consolidated financial statements for the year ended December 31, 2010*

The consolidated financial statements for the year ended December 31, 2010 included 101 companies, of which 88 subsidiaries, 9 joint ventures and 4 associates.

SUBSIDIARIES	COUNTRY	% (CONTROL)
RHODIA ACETOW GMBH	Germany	100.00
RHODIA DEUTSCHLAND GMBH	Germany	100.00
RHODIA GMBH	Germany	100.00
RHODIA CHEMICALS PTY LTD	Australia	100.00
RHODIA BELGIUM	Belgium	100.00
RHODIA BRASIL LTDA	Brazil	100.00
RHODIA ENERGY BRASIL LTDA	Brazil	100.00
RHODIA POLIAMIDA BRASIL LTDA	Brazil	100.00
RHODIA POLIAMIDA E ESPECIALIDADES LTDA	Brazil	100.00
RHOPART – PARTICIPAÇÕES, SERVI SERVIÇOS E COMÉRCIO LTDA	Brazil	100.00
COGERACAO DE ENERGIA ELECTRICA	Brazil	100.00
RHODIA CANADA INC.	Canada	100.00
RHODIA (SHANGHAI) INTERNATIONAL TRADING CO. LTD	China	100.00
RHODIA (CHINA) CO. LTD	China	100.00
RHODIA POLYAMIDE (SHANGHAI) CO. LTD	China	100.00
RHODIA SILICA QINGDAO CO. LTD	China	100.00
RHODIA WUXI PHARMACEUTICAL CO. LTD	China	100.00
RUOHAI (ZHEJIANG) FINE CHEMICALS CO. LTD	China	100.00
LIYANG RHODIA RARE EARTH NEW MATERIALS CO. LTD	China	96.32
RHODIA HENGCHANG (ZHANGJIAGANG) SPECIALTY CHEMICAL CO. LTD	China	70.00
BEIJING RP EASTERN CHEMICAL CO. LTD	China	60.00
BAOTOU RHODIA RARE EARTH CO. LTD	China	55.00
RHODIA (ZHENJIANG) CHEMICALS CO. LTD	China	100.00
RHODIA FINE CHEMICALS ADDITIVES (QINGDAO) CO., LTD	China	100.00
GUANGXI LAIBIN BIOQI NEW ENERGY CO LTD	China	100.00
FEIXIANG CHEMICALS CO LTD	China	100.00
GUANGDONG PUHUA CHEMICALS CO LTD	China	90.00
RHODIA ENERGY KOREA CO. LTD	South Korea	100.00
RHODIA POLYAMIDE CO. LTD	South Korea	100.00
RHODIA SILICA KOREA CO. LTD	South Korea	100.00
RHODIA IBERIA SL	Spain	100.00
ALCOLAC, INC.	United States	100.00
RHODIA FUNDING CORP.	United States	100.00
HEAT TREATMENT SERVICES INC.	United States	100.00
RHODIA FINANCIAL SERVICES INC.	United States	100.00
RHODIA HOLDING INC.	United States	100.00
RHODIA INC.	United States	100.00
RHODIA-INDIA HOLDING INC.	United States	100.00
RHODIA CHIMIE	France	100.00

SUBSIDIARIES	COUNTRY	% (CONTROL)
RHODIA ENERGY	France	100.00
RHODIA ENERGY GHG	France	100.00
RHODIA FINANCE	France	100.00
RHODIA LABORATOIRE DU FUTUR	France	100.00
RHODIA OPERATIONS	France	100.00
RHODIA PARTICIPATIONS	France	100.00
RHODIA	France	100.00
RHOD V	France	100.00
RHOD W	France	100.00
RHODIANYL S.N.C.	France	100.00
RHODIA HONG KONG LTD	Hong Kong	100.00
ALBRIGHT & WILSON CHEMICALS INDIA LTD	India	72.93
RHODIA ITALIA S.p.A	Italy	100.00
RHODIA JAPAN LTD	Japan	100.00
ANAN KASEI CO., LTD	Japan	67.00
RHODIA NICCA LTD	Japan	60.00
CAREDOR	Luxembourg	100.00
PARTICIPATIONS CHIMIQUES	Luxembourg	100.00
RHODIA DE MEXICO SA DE CV	Mexico	100.00
RHODIA ESPECIALIDADES SA DE CV	Mexico	100.00
RHODIA NEW ZEALAND LTD	New Zealand	100.00
RHODIA INTERNATIONAL HOLDINGS BV	Netherlands	100.00
RHODIA POLYAMIDE POLSKA SP.Z O.O	Poland	100.00
HOLMES CHAPEL TRADING LTD	United Kingdom	100.00
RHODIA ECO SERVICES LTD	United Kingdom	100.00
RHODIA FOOD UK LTD	United Kingdom	100.00
RHODIA HOLDINGS LTD	United Kingdom	100.00
RHODIA HPCII UK LTD	United Kingdom	100.00
RHODIA INDUSTRIAL SPECIALTIES LTD	United Kingdom	100.00
RHODIA INTERNATIONAL HOLDINGS LTD	United Kingdom	100.00
RHODIA LTD	United Kingdom	100.00
RHODIA ORGANIQUE FINE LTD	United Kingdom	100.00
RHODIA OVERSEAS LTD	United Kingdom	100.00
RHODIA PHARMA SOLUTIONS HOLDINGS LTD	United Kingdom	100.00
RHODIA PHARMA SOLUTIONS LTD	United Kingdom	100.00
RHODIA REORGANISATION LTD	United Kingdom	100.00
RHODIA UK LTD	United Kingdom	100.00
MC INTYRE GROUP LTD (UK)	United Kingdom	100.00
OOO SERTOW	Russia	100.00
RHODIA ASIA PACIFIC PTE LTD	Singapore	100.00
RHODIA AMINES CHEMICALS	Singapore	100.00
SOPARGEST – SOCIETE DE PARTICIPATION ET DE GESTION S.A.	Switzerland	99.98
RHODIA THAI HOLDINGS LTD	Thailand	100.00
RHODIA THAI INDUSTRIES LTD	Thailand	100.00
ALAVER SOCIEDAD ANONIMA	Uruguay	100.00

SUBSIDIARIES	COUNTRY	% (CONTROL)
FAIRWAY INVESTMENTS S.A.	Uruguay	100.00
ZAMIN COMPANY S/A	Uruguay	100.00
RHODIA ACETOW VENEZUELA C.A.	Venezuela	100.00
RHODIA SILICES DE VENEZUELA C.A.	Venezuela	100.00

JOINT VENTURES	COUNTRY	%
WARMEVERBUNDKRAFTWERK FREIBURG GMBH	Germany	49.90
PRIMESTER	United States	50.00
BUTACHIMIE	France	50.00
COGENERATION CHALAMPE	France	50.00
HEXAGAS	France	50.00
Orbeo	France	50.00
RHODIGAZ	France	50.00
HINDUSTAN GUM & CHEMICALS LTD	India	50.00
P.T. RHODIA MANYAR	Indonesia	50.00

ASSOCIATES	COUNTRY	%
QINGDAO DONGYUE RHODIA CHEMICAL CO LTD	China	30.00
GIE OSIRIS	France	41.00
GIE CHIMIE SALINDRES	France	50.00
ZAKLAD ENERGOELEKTRYCZNY “ENERGO-STIL” SP. Z O O	Poland	25.00