Rhodia

Chemistry is our world, Responsibility is our way

Financial Report

Half-year ended June 30, 2009

CONTENTS

1 PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Jean-Pierre CLAMADIEU, Chairman and Chief Executive Officer.

1.2 DECLARATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2009 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Group and that the accompanying half-year financial report includes a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year."

Jean-Pierre CLAMADIEU,
Chairman and Chief Executive Officer

2 HALF-YEAR FINANCIAL REPORT

This half-year financial report should be read in conjunction with the condensed consolidated financial statements for the half-year ended June 30, 2009 and the Company's reference document for fiscal year 2008 filed with the *Autorité des Marchés Financiers* - AMF (French securities regulator) on March 24, 2009 under number D. 09-0150.

2.1 HIGHLIGHTS OF THE 2009 FIRST HALF

In a context of global recession, volumes declined by (24)% in the first half of 2009, due to a low demand compounded by the generalized de-stocking carried out by the Group customers. This de-stocking was completed more rapidly in the emerging countries, enabling a gradual recovery of demand in those countries that reached a level comparable to that of 2008 at the end of the semester. The decrease in volumes was thus mitigated from one quarter to the next.

Moreover, the Group Enterprises gradually aligned their selling prices to the lower raw material and energy prices, while continuing to use, essentially over the first quarter, the costly raw material inventories acquired during the preceding period. This situation had a significant impact on the profitability of Rhodia and specifically that of the Polyamide Enterprise, the other Group Enterprises maintaining a favorable level of pricing power with respect to the change in raw material and energy prices.

To deal with the crisis, Rhodia implemented several short term measures and structural plans to improve its competitiveness so as to maintain its cash flow and reduce its cost structure. The swift implementation of these measures allowed, *inter alia*, the reduction of income statement fixed costs by €25 million compared to the first half of 2008 (resulting from €67 million in underlying savings partly offset by the impacts of inflation, fixed costs on changes in inventories and other non-recurring items, primarily). The Group expects to realize €120 million in underlying savings by the end of the year. With respect to cash flow, a Rhodia priority for 2009, a rapid and effective adjustment of its management processes generated €190 million in free cash flow over the first half.

Net debt declined by €113 million, standing at €1,198 million after an investment of approximately €80 million at the end of February, 2009 to acquire McIntyre, a US manufacturer of specialty surfactants and polymers.

Finally, the Energy Services Enterprise received its first carbon credits generated in France (known as Emission Reduction units). Based on a reduction of greenhouse gas emissions equivalent to 200,000 tons of CO_2 annually, this project should begin to bear fruit as of the third quarter. The Enterprise has also announced its plan to acquire OneCarbon, which will provide an additional carbon credits portfolio via the Orbeo subsidiary and six biogas production projects in China and Vietnam.

2.2 RISK FACTORS AND UNCERTAINTIES

The half-year financial report includes certain assumptions and expectations which, by their very nature, may not prove accurate. The primary risks and uncertainties mentioned below may have a negative impact on the business, the financial position, income and outlook for the Group or its share price, particularly during the remaining six months of the fiscal year.

The main risks and uncertainties the Group could face in the remaining six months of fiscal year 2009 have not changed materially from those identified in Section 4 "Risk factors" of the 2008 reference document filed with the *Autorité des Marchés Financiers* on March 24, 2009. Certain other risks and uncertainties which have yet to be identified or are considered immaterial by Rhodia could also have a negative impact, especially during the remaining six months of the fiscal year.

A Risk Department reporting to the Chief Financial Officer was created in the second quarter of 2009, so as to better understand the nature of our risks and their management. Its primary responsibilities will involve:

- Proposing a common methodology so as to assess risk at the level of each Enterprise, Function and Zone in a consistent and coordinated manner;
- Consolidating and prioritizing these risks to determine those most likely to impact the Group;
- Monitoring the risk management action plans.

A Risk Committee has also been formed. It will validate strategies proposed by the Risk Department and make key decisions, particularly as to the nature of acceptable risks and the resources dedicated to risk management. It will replace the Internal Control Supervisory Committee.

2.3 GROUP BUSINESSES

2.3.1 Overview of businesses – Operating and financial review

2.3.1.1 Management analysis conventions

This section contains information comparing year to year the performance of Rhodia and its Enterprises, specifically unaudited accounting data derived from management reports on the impact of the following items on net sales and on the principal line items of Rhodia's income statement:

- changes in scope of consolidation (for example, as a result of acquisitions, divestitures, changes in consolidation not reclassified as discontinued operations and, with respect to comparisons of Enterprise results, transfers of businesses between Enterprises);
- exchange rate fluctuations arising from the translation into euros of net sales, expenses and other income statement line items that are denominated in currencies other than the euro;
- changes in average selling prices;
- changes in volumes; and
- transactional exchange rate impact (defined as the difference arising from the translation into local currencies of sales and purchases denominated in another currency).

Rhodia has implemented these measurements and tracks the development of its performance based on quarterly reports submitted by its various entities and uses it for its internal analysis requirements. The same management information is used for its financial reporting. For the comparison of profits from operations between two periods (the "prior" period, for example, the first half of 2008, and the "current" period, for example, the first half of 2009), Rhodia calculates the impact of these changes as follows:

- The impact of changes in the scope of consolidation is calculated (i) in the case of acquisitions, by including in the prior year's data the results of the current year generated by the acquired business, for at a minimum the number of months of the prior year that the business had not yet been acquired, and at a maximum for the number of months not exceeding the presence of the acquired business in the current year and (ii) in the case of divestitures, by excluding the results from the prior period of any activity included in the consolidated financial statement that were generated outside of the corresponding period when the asset was held in the current year.
- The impact of exchange rate fluctuations is calculated by adjusting the prior period's results for exchange rate fluctuations by translating into euros the accounting balances for the prior period denominated in currencies other than euros at the average exchange rates adopted for the current period.
- The impact of changes in average selling prices is calculated by comparing the current weighted average net unit selling price for each product in the current period (for example, the euro cost per ton) against the weighted average net unit selling price in the prior period, multiplied in both cases by volumes sold during the current period.
- The impact of changes in volumes is calculated by comparing quantities shipped in the current period against quantities shipped in the prior period, multiplied in both cases by the weighted average net unit selling price in the prior period.

Moreover, Rhodia uses the following pro forma indicators for its analyses and financial reporting:

- Recurring EBITDA, defined as operating profit or loss before depreciation, amortization and impairment, restructuring costs and other operating income and expenses;
- Free cash flow, defined as cash from operating activities, before margin calls excluding non-recurrent refinancing expenses, less purchases of property, plant and equipment and other non-current assets.

Rhodia believes these measurements are useful tools for analyzing and explaining changes and trends in its historic operating results, as they allow performance to be compared on a regular basis. They are not, however, audited and are not performance measurements with respect to IFRS. They should not be considered as replacing performance measurements with respect to IFRS. The methods used by Rhodia to calculate changes may differ from those used by other companies.

2.3.1.2 Accounting aspects

The condensed consolidated financial statements for the half-year ended June 30, 2009 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2008.

The standards, interpretations and amendments adopted by the European Union at June 30, 2009 and their mandatory adoption in 2009 had no significant impact on the condensed consolidated financial statements for the half-year ended June 30, 2009.

According to the Group, the other standards, interpretations and amendments already adopted by the European Union but not yet applicable have no impact on the financial statements.

2.3.1.3 Group operating results for the half-years ended June 30, 2008 and 2009

The following table shows an analysis of Rhodia's operating profit/(loss) for the half-years ended June 30, 2008 and 2009:

(in millions of euros)	Half-year ended June 30,		
	2008	2009	% change
Net sales	2,413	1,907	(21.0)%
Other revenue	258	234	(9.3)%
Cost of sales	(2,162)	(1,875)	13.3%
Administrative and selling expenses	(256)	(256)	0.0%
Research and development expenditure	(37)	(33)	10.8%
Restructuring costs	(6)	(29)	(383.3)%
Other operating income/(expenses)	(2)	(1)	50.0%
Operating profit/(loss)	208	(53)	(125.5)%

Net sales

Rhodia net sales stood at €1,907 million for the first half of 2009, a decline of (21)% compared to the first half of 2008.

Exchange rate fluctuations had a favorable impact of 1.8%, mainly due to the appreciation of the US dollar against the euro.

At constant scope and currency conversion, net sales decreased by (23.7)%. This was the result of a (23.7)% fall in volumes, due to the global recession, which has had a significant impact since the end of 2008 on the end demand for several Group markets and particularly the automotive, construction and other industrial markets, as well as major inventory reductions (or de-stocking) carried out by customers. As expected, Polyamide, Silcea and a portion of the Novecare activities were the sectors most affected. However, the cosmetics, detergent, and agrochemical business lines of Novecare remained resilient to the economic slowdown, as well as the Acetow, Eco-Services and Energy Services Enterprises.

Following a first quarter marked by a sharp fall in volumes (27)% in all the regions served by the Group, there was a slight improvement in the second quarter at (20)% due to the Asia and Latin America regions, where the Group generates a significant and growing portion of its net sales (42% in 2008 and 47% in the second quarter of 2009). In the emerging countries, and particularly China and Brazil, the de-stocking was completed in the first quarter. These countries benefited from a gradual recovery in demand which, at the end of the second quarter, reached the 2008 level. However, in Europe and North America, the de-stocking was only completed at the end of the half-year.

The transactional foreign exchange impact was positive at 2.7%, largely due to the appreciation of the US dollar against the Brazilian Real and the Korean Won.

Cost of sales

Cost of sales decreased by €287 million, or (13)%, dropping from €(2,162) million in the first half of 2008 to €(1,875) million in the first half of 2009. This significant cost reduction, which primarily reflects the decline in activity, largely offsets the negative scope and currency conversion impacts, the latter stemming essentially from the appreciation of the US dollar against the euro.

Administrative and selling expenses

Administrative and selling expenses were steady compared to 2008, standing at €(256)million for the first half of 2009.

Research and development expenditure

Research and development expenditure declined by (10.8)% over the first half of 2009 compared to 2008. The €4 million decrease is explained by lower costs due to the disposal of the Isocyanates activities and a streamlining of the R&D activities in Europe.

Restructuring costs

Restructuring costs amounted to €(29) million in the first half of 2009, compared to €(6) million in the first half of 2008. The restructuring provisions for the first half of 2009 are related to structural measures intended to improve Group competitiveness, with a savings target of €150 million by 2011. They primarily represent plans to boost competitiveness launched by the Polyamide, Silcea and Novecare Enterprises, and by the support functions.

Other operating income and expenses

Other operating income and expenses include net capital gains or losses on disposals, environmental expenses, and the derecognition of a portion of the foreign exchange derivative hedges relating to net sales.

As at June 30, 2009, other operating income and expenses amounted to €(1) million, compared to €(2) million for the first half of 2008.

Please also refer to Note 7 to the consolidated financial statements (Other operating income and expenses).

Operating profit/(loss)

Rhodia's operating loss for the first half of 2009 stood at €(53) million, compared to an operating profit of €208 million for the first half of 2008, for a decline of (125.5)%.

The decline essentially stems from a (68.2)% decrease in recurring EBITDA, which stood at €113 million, compared to €355 million in the first half of 2008. The recurring EBITDA margin of Rhodia thus stood at 5.9% for the first half of 2009, compared to 14.7% for the first half of 2008.

The positive €7 million foreign exchange impact is the result of changes in conversion rates, stemming primarily from the appreciation of the US dollar against the euro.

The significant drop in volumes between the two reference periods, for which the negative impact amounts to €(224) million, is specifically related to the crisis affecting the automotive and construction markets, as well as certain other industrial markets.

Following a major drop in raw material and energy prices since the end of 2008, the Group gradually lowered its selling prices during the first half of 2009, while using, particularly in the first quarter, its costly raw material inventories acquired during the preceding period. This timing difference had a significant impact on the results of Polyamide, which recorded a negative impact of €(70) million over the first quarter relating to the use of costly raw material inventories. At Polyamide, the unfavorable change in selling prices over the entire half-year, for which there was a timing difference in relation to the high raw material and energy costs purchased during the preceding period, generated a negative impact of €(123) million. However, the change in raw material and energy costs and selling prices for the other Group Enterprises generated a favorable impact of €62 million over the period.

Lastly, the lower selling prices had an overall negative impact of €(68) million for the Group over the half year, which was only partially offset by the €7 million positive impact relating to the lower raw material and energy costs.

Sales also benefited from a positive transactional foreign exchange impact of €67 million, whereas raw material and energy purchases were affected by a negative transactional foreign exchange impact of €(56) million, essentially due to the appreciation of the US dollar against the Brazilian Real, Korean Won and the euro.

Rhodia also demonstrated its effective cost management, which was reflected in a €25 million net decrease in fixed costs over the first half of 2009 compared to the same period in 2008. This substantial decrease was achieved thanks to the swift deployment of short term measures to deal with the crisis in demand as well as the initial effects of structural cost competitive plans to improve competitiveness to be rolled out until 2011.

The operating loss for the first half of 2009 includes restructuring costs which rose by €(15) million excluding accelerated depreciation. The increase mainly reflects plans to improve Group competiveness, the objective being to achieve €150 million in savings by 2011.

The other items explaining the change in Group operating income over the first half of 2009 compared to the first half of 2008 are a negative scope impact of €(3) million, an increase in amortization, depreciation and impairment of €(3) million and a positive impact of €2 million from other operating income and expenses.

2.3.1.4 Analysis of net sales and operating profit/(loss)

The following table presents an analysis of net sales for the half-years ended June 30, 2008 and 2009:

Change in net sales *(in millions of euros)*	Net sales for the half-year ended June 30, 2008	Consolidation scope	Exchange rate impact (translation)	Net sales for the half-year ended June 30, 2008 on a constant consolidation scope and exchange rate basis	Volume & mix	Selling price	Transactional exchange rate impact	Net sales for the half-year ended June 30, 2009	2008-2009 change in net sales	2008-2009 change in net sales on a constant consolidation scope and exchange rate basis
Rhodia	2,413	43	44	2 500	(592)	(68)	67	1,907	(21.0)%	(23.7)%
Polyamide	971	22	(48)	945	(242)	(120)	50	633	(34.8)%	(33.0)%
Novecare	475	29	31	535	(147)	25	4	417	(12.2)%	(22.1)%
Silcea	384	2	27	413	(131)	3	6	291	(24.2)%	(29.5)%
Energy Services	104	0	4	108	(12)	(4)	0	92	(11.5)%	(14.8)%
Acetow	226	15	4	245	(2)	24	8	275	21.7%	12.2%
Eco Services	127	0	19	146	(26)	1	0	121	(4.7)%	(17.1)%
Corporate & Other (after elimination of intercompany sales)	126	(25)	7	108	(32)	3	(1)	78	(38.1)%	(27.8)%

The following table shows the breakdown of net sales by Enterprise for the half-years ended June 30, 2008 and 2009:

(in millions of euros)	Half-year ended June 30,	
	2008	2009
Rhodia net sales	2,413	1,907
Net contribution to Rhodia net sales by Enterprise (%)		
Polyamide	40%	33%
Novecare	20%	22%
Silcea	16%	15%
Energy Services	4%	5%
Acetow	10%	15%
Eco Services	5%	6%
Corporate & Other (after elimination of intercompany sales)	5%	4%
TOTAL	100%	100%

The following table shows the breakdown of net sales by geographical area (based on client locations) for the half-years ended June 30, 2008 and 2009:

(in millions of euros)	Half-year ended June 30,	
	2008	2009
Rhodia net sales	2,413	1,907
Net contribution to Rhodia net sales by geographical area (%):		
France	9%	8%
Europe (excluding France)	30%	25%
North America	18%	22%
Latin America	15%	15%
Asia and other countries	28%	30%
TOTAL	100%	100%

The following table presents an analysis of the 2009 first half operating profit/(loss) compared to 2008:

Change in operating profit/(loss) (in millions of euros)	Operating profit/(loss) June 30, 2008	Consolidation scope	Exchange rate impact (conversion)	Volume & product mix	Price	Foreign exchange/ Price	Price/ Raw materials & energy	Foreign exchange / Raw materials & energy	Fixed costs	Other operating income and expenses	Restructuring excluding amortization and depreciation	Amortization & depreciation	Operating profit/(loss) June 30, 2009
Rhodia	208	(3)	7	(224)	(68)	67	7	(56)	25	2	(15)	(3)	(53)
Polyamide	63	2	(5)	(81)	(120)	50	(3)	(44)	2	(2)	(4)	(11)	(153)
Novecare	40	2	5	(55)	25	4	(11)	(2)	9	(2)	(5)	-	10
Silcea	41	1	3	(54)	3	6	(7)	(1)	5	(2)	(1)	1	(5)
Energy Services	86	(2)	-	(3)	(4)	-	3	-	(1)	(5)	-	-	74
Acetow	23	1	-	(1)	24	8	5	(10)	2	-	-	-	52
Eco Services	26	-	5	(13)	1	-	20	-	(2)	-	-	(2)	35
Corporate & Other	(71)	(7)	(1)	(17)	3	(1)	-	1	10	13	(5)	9	(66)

In this section, the impact from changes in transactional foreign exchange rates on the operating profit/(loss) of each Enterprise represents the total foreign exchange impacts on selling prices and on raw material and energy purchases.

Polyamide

Net sales

Polyamide net sales stood at €633 million in the first half of 2009, down (34.8)% compared to the same period in 2008.

Changes in conversion rates generated a negative foreign exchange impact of (4.9)%, stemming essentially from the weakness of the Brazilian Real and, to a lesser extent, that of the Korean Won, compared to the euro.

At constant scope and currency conversion, net sales of Polyamide declined by (33.0)%. Polyamide experienced a drop in volumes of (25.6)% compared to the first half of 2008, the result of the worldwide economic crisis that had a significant impact on most of its end markets, including the automobile and textile industries and the construction market. In the second quarter, there was a slight increase in volumes compared to the first quarter in the Asia and Latin America zones, particularly in China and Brazil, and specifically in the automotive market, for which tax incentives were introduced. Structurally speaking, the polyamide industry is experiencing an excess of capacity, which has resulted in the various sector players starting to take measures to restore the balance between supply and demand.

The appreciation of the US dollar against the Brazilian Real and the euro generated a positive transactional foreign exchange impact of 5.3%.

Operating profit/(loss)

The Polyamide operating profit was negative at €(153) million in the first half of 2009, compared to a positive balance of €63 million in the first half of 2008, for a decline of (342.9)%.

The change is attributable to a (180.4)% decrease in recurring EBITDA, which stood at €(90) million compared to €112 million in the first half of 2008. The Polyamide recurring EBITDA margin thus stood at (14.2)% in the first half of 2009, compared to 11.5% in the first half of 2008.

The negative €(5) million foreign exchange impact arises from changes in conversion rates, essentially due to the depreciation of the Brazilian Real against the euro.

The sharp (25.6)% drop in volumes year on year generated a negative impact of €(81) million on the Enterprise's operating profit/(loss). In addition, the deterioration in the operating yields following the substantial decline in activity also weighed on profitability.

The Enterprise also had to gradually adjust its selling prices to lower raw material and energy prices, while it continued to use, particularly in the first quarter, its high-priced raw material inventories purchased during the preceding period. The lower selling prices thus generated a €(120) million negative impact over the half-year, to which is added a €(3) million negative impact relating to a reduction in inventories of high-priced raw materials.

However, Polyamide benefitted from the ongoing appreciation of the US dollar compared to the Korean Won, which generated a positive transactional foreign exchange impact of €6 million.

The swift implementation of short term measures to reduce costs and a plan to improve competitiveness, with a savings target of €60 million by 2011, reduced fixed costs by €2 million. The plan resulted in the closing of the Ceriano (Italy) site in February 2009. This was offset by a €(4) million increase in restructuring costs.

The increase in depreciation, amortization and impairment generated a negative impact of €(11) million due to the accelerated depreciation of some assets of the Ceriano (Italy) and Mississauga (Canada) sites, which were definitively closed over the half-year.

Lastly, the €(2) million negative impact from other operating income and expenses was cancelled by a positive €2 million Group structure impact.

Novecare

Net sales

Novecare net sales stood at €417 million for the first half of 2009, a (12.2)% decrease.

The positive currency conversion impact of 6.5% mainly corresponds to the Enterprise's activities in the United States and reflects the change arising from the appreciation of the US dollar against the euro.

The positive 6.1% Group structure impact stems from the first quarter acquisition of the US company McIntyre, whose products serve the resilient cosmetics and detergents markets. This company's consolidation is progressing satisfactorily and Novecare is confident in its ability to take advantage of synergies expected by 2011.

At constant scope and currency conversion, Novecare net sales declined by (22.1)%. The cosmetics, detergents and, to a lesser extent, agrochemical segments remained resilient to the economic crisis, while the oil drilling and industrial applications segments experienced a slow-down. The Novecare volumes declined by (27.5)% overall. However, the Enterprise continued to benefit from increases in selling prices over the second half of 2008, generating a positive impact of 4.7%.

Operating profit/(loss)

The Novecare operating profit amounted to €10 million for the first half of 2009, compared to €40 million for the first half of 2008, a decrease of (75)%.

The change arises from a (37.9)% decline in recurring EBITDA, which stood at €36 million, compared to €58 million for the first half of 2008, primarily due to the low level of activity in the non-resilient segments. The recurring EBITDA margin thus stood at 8.6% for the first half of 2009, compared to 12.2% for the first half of 2008.

Changes in conversion rates, essentially resulting from the appreciation of the US dollar against the euro, generated a positive impact of €5 million.

Lower volumes generated a negative impact of €(55) million.

Higher selling prices compared to the first half of the previous year, for a positive impact of €25 million, more than offset the €(11) million increase in cost of sales, primarily relating to raw material and energy prices.

Fixed costs declined by €9 million thanks to the swift deployment of short term measures and the first effects of structural competiveness improvement plans, targeting €20 million in savings by 2011. Conversely, restructuring costs increased by €(5) million.

The other items explaining the change in the Novecare operating profit/(loss) are attributable to a positive Group structure impact of €2 million, a positive transactional foreign exchange impact of €2 million and a negative impact of €(2) million relating to other operating income and expenses.

Silcea

Net sales

At €291 million, Silcea net sales decreased by (24.2)% for the first half of 2009.

Changes in conversion rates, essentially due to the appreciation of the US dollar and Chinese Yuan against the euro, represent a positive impact of 7%.

At constant scope and currency conversion, Silcea net sales declined by (29.5)%, due to the slowdown in activity for the Enterprise's three segments (silicas, rare earths and diphenols). Overall, volumes thus fell by (31.7)% compared to the first half of 2008. The change is essentially due to the worldwide crisis in the automotive industry, the electronics market and other industrial sectors where de-stocking has become widespread and cumulative to the low demand. There was nevertheless a slight increase in Silcea volumes in the second quarter, compared to the first quarter, due to a better momentum in the automotive market in Asia and Latin America, where de-stocking was completed at the end of the first quarter.

Operating profit/(loss)

The Silcea operating profit declined by (112.2)% to €(5) million for the first half of 2009, compared to a profit of €41 million for the first half of 2008.

The change arises from the (67.7)% decrease in recurring EBITDA, which stood at €20 million, compared to €62 million for the first half of 2008. The recurring EBITDA margin thus decreased from 16.1% for the first half of 2008 to 6.9% for the first half of 2009.

The lower volumes generated a negative impact of €(54) million.

Over the first quarter of 2009, Silcea continued to benefit from the increases in selling prices initiated in the second half of 2008, with a view to offsetting higher raw material and energy costs. In the second quarter, Silcea adjusted its selling prices to the lower raw material and energy prices. For the first half overall, selling prices and cost of sales for raw materials rose and generated respectively a positive impact of €3 million and a negative impact of €(7) million.

Exchange rate fluctuations, essentially the result of the appreciation of the US dollar against the euro, generated a positive conversion impact of €3 million and a positive transactional foreign exchange impact of €5 million.

Thanks to the effectiveness of both short term and structural measures, fixed costs decreased by €5 million.

Finally, other operating income and expenses and restructuring costs generated a negative impact of €(3) million overall, which was partially offset by a positive Group structure impact and a decrease in depreciation, amortization and impairment for €2 million.

Energy Services

Net sales

Energy Services net sales amounted to €92 million for the first half of 2009, a decline of (11.5)% compared to the same period in 2008. The total is essentially the result of income from the sale of CO_2 emission credits (Certified emission reductions (CER)), for which a significant portion of the production involved forward sales.

Changes in conversion rates, essentially stemming from the appreciation of the yen against the euro, represented a positive impact of 3.8%.

At constant scope and currency conversion, Energy Services net sales dropped by (14.8)%.

Operating profit/(loss)

The Energy Services operating profit declined by (14.0)%, decreasing from €86 million for the first half of 2008 to €74 million for the first half of 2009.

Half of the decline stems from a (6.6)% decrease in recurring EBITDA, which stood at €85 million for the first half of 2009, compared to €91 million for the first half of 2008.

Energy Services posted a slight decrease in its volumes, for a negative impact of €(3) million. CER spot market prices also declined significantly over the period. However, thanks to its long-term hedging strategy, Energy Services limited the impact of the lower prices to €(4) million. The Enterprise also recorded a positive impact of €3 million relating to the decrease in its cost of sales relating to raw materials and energy.

The €(5) million negative impact reported in other operating income and expenses reflects the operating loss of the Orbeo joint venture trading activities, which is 50% consolidated in the Group financial statements.

Finally, the Enterprise recorded a negative Group structure impact of €(2) million and a €(1) million increase in fixed costs.

Rhodia expects to market 13 million tons of CER for 2009, 80% of which involves forward sale (or hedged) contracts at an average price of €14.60 per ton.

Energy Services is also continuing to develop its knows-how. On May 20, 2009, Rhodia announced that its Salindres industrial site had received the first European Emission Reduction Units (ERU) for the reduction of greenhouse gas emissions recognized by the United Nations Framework Convention on Climate Change. The Enterprise also announced its intention to invest in biogas technology, acquiring the Econcern group interest in six pilot biogas production projects in China and Vietnam.

Acetow

Net sales

Acetow enjoyed a satisfactory level of demand for the first half of 2009, despite the global recession. The Enterprise also benefitted from favorable pricing thanks to the quality of its products and services. Net sales for the Enterprise improved by 21.7%, to reach €275 million.

At constant scope and currency conversion, Acetow net sales rose by 12.2%, primarily due to significant price increases that generated a positive impact of 9.8% and, to a lesser extent, the positive impact of exchange rate fluctuations tied to the appreciation of the US dollar against the euro.

Operating profit/(loss)

The Acetow operating profit stood at €52 million for the first half of 2009, compared to €23 million for the first half of 2008, up 126.1%.

The change reflects the 81.1% increase in recurring EBITDA, which stood at €67 million for the first half of 2009, compared to €37 million for the first half of 2008. The recurring EBITDA margin thus stood at 24.4% for the first half of 2009, compared to 16.4% for the first half of 2008.

Benefitting from a stable demand level and a balanced market supply/demand structure, the Enterprise successfully pursued its good level of pricing power, which generated a positive impact of €24 million.

In addition, the success of the measures initiated since 2008 as part of the Enterprise's improved competitiveness plans largely contributed to a €5 million decrease in variable costs and a €2 million decrease in fixed costs.

Lastly, exchange rate fluctuations generated a negative transactional foreign exchange impact of €(2) million and a slight drop in volumes, for a negative impact of €(1) million, which was offset by a positive Group structure impact of €1 million.

Eco Services

Net sales

Eco Services net sales dropped by (4.7)%, to reach €121 million for the first half of 2009.

Eco Services operates exclusively in the United States. Changes in conversion rates, stemming from the appreciation of the US dollar against the euro, had a positive impact of 15.0%.

At constant scope and currency conversion, Eco Services net sales declined by (17.1)%. Volumes shrunk, generating a negative impact of (17.8)% on net sales.

Operating profit/(loss)

The Eco Services operating profit rose by 34.6% to €35 million for the first half of 2009, compared to €26 million for the first half of 2008.

The change arises from a 33.3% increase in recurring EBITDA, to €44 million for the first half of 2009, compared to €33 million for the first half of 2008. The recurring EBITDA margin thus stood at 36.4% for the first half of 2009, compared to 26.0% for the first half of 2008.

Changes in conversion rates, arising from the appreciation of the US dollar against the euro, generated a positive impact of €5 million.

The slowdown in demand, particularly in virgin sulfuric acid, triggered a drop in volumes, for an unfavorable impact of €(13) million.

However, the Enterprise, whose selling prices are contractually indexed to raw material and energy purchase prices, including a timing difference, benefitted from a particularly favorable selling price in the first quarter in relation to substantially lower raw material and energy prices. Accordingly, the selling price generated a positive impact of €1 million over the first half, added to which is the €20 million positive impact relating to lower raw material and energy costs.

Finally, fixed costs, which rose compared to the exceptionally low level of the 2008 first half, generated a negative impact of €(2) million and the increase in depreciation, amortization and impairment triggered an unfavorable impact of €(2) million.

Corporate & Other

Net sales

Corporate & Other net sales amounted to €78 million for the first half of 2009, a decline of (38.1)%. Corporate & Other is mainly made up of the Salicylic activities.

At constant scope and currency conversion, Corporate & Other net sales decreased by (27.8)% primarily due to a drop in volumes, for a negative impact of (29.6)%, relating to the cessation of certain Salicylic activities and the continuing drop in demand for other Salicylic and fluoride activities.

Operating profit/(loss)

The Corporate & Other operating loss consisted of an expense of €(66) million for the first half of 2009, compared to a €(71) million expense for the first half of 2008.

The expense in terms of recurring EBITDA stood at €(49) million for the first half of 2009, compared to an expense of €(38) million for the first half of 2008.

The Corporate & Other operating profit/(loss) comprises the margin on the Salicylic and trading activities, as well as expenses relating to the Group's Corporate services and functions, the restructuring arising from the Group reorganization, the additional recording of environmental provisions for discontinued sites and activities and capital gains or losses on disposals.

Changes in conversion rates had a negative impact of €(1) million

The €9 million decrease in depreciation and amortization is the result of accounting reclassifications and impairment losses, essentially relating to research and development expenditure on discontinued projects, as well as property, plant and equipment of the Salicylic activity.

Restructuring costs rose by €(5) million due to the new measures for the Salicylic and Corporate activities.

Lastly, other operating income and expenses represent a favorable impact of €13 million, primarily from capital gains on land disposals and favorable settlements of tax litigation.

2.3.1.5 Other income statement items

(in millions of euros)	Half-year ended June 30,		
	2008	2009	% change
Operating profit/(loss)	208	(53)	(125)%
Profit/(loss) from financial items	(98)	(99)	
Share of profit/(loss) of associates	1	(1)	
Income tax expense	(37)	(11)	
Profit/(loss) from continuing operations	74	(164)	
Profit/(loss) from discontinued operations	4	(11)	
Profit/loss for the period	78	(175)	
Attributable to equity holders of Rhodia S.A.	77	(174)	(326)%
Attributable to minority interests	1	(1)	

Profit/(loss) from financial items

Loss from financial items totaled €(99) million, compared to €(98) million for the first half of 2008.

On April 3, 2009, Rhodia renegotiated the financial covenants of its syndicated credit line.

The expenses related to this operation were capitalized and are depreciable until the credit line expires in June 2012.

Conversely, income and expenses on financial transactions for the half-year ended June 30, 2009 include €(4) million in accelerated depreciation of the remaining expenses that were capitalized at the time the syndicated credit line was set up in 2007.

A detailed description of the new financial covenants is presented in section 2.3.2.3 of this half-yearly report, "Liquidity and capital resources."

Share of profit/(loss) of associates

The share of profit of associates amounted to €(1) million for the half-year ended June 30, 2009.

Income tax expense

For the half-year ended June 30, 2009, the Group recorded an income tax expense of €(11) million. The current income tax expense of €(27) million for the half-year ended June 30, 2009 mainly corresponds to the income tax reported by the US and German entities.

Deferred tax income in the amount of €16 million recognized for the half-year ended June 30, 2009 is mainly attributable to the capitalization of the Brazil tax losses over the first half of 2009, as management believes their use is probable within a reasonable period of time.

The Group has not modified its estimate of the probability of recovering the deferred tax assets relating to the French and British tax groups. Thus, no new deferred tax asset was recorded for France and the UK for the half-year ended June 30, 2009.

For the half-year ended June 30, 2008, the current income tax expense of €(35) million mainly corresponded to the income tax reported by the US, Brazilian and Italian entities.

Discontinued operations

See Note 10 to the condensed consolidated financial statements for the half-year ended June 30, 2009.

Minority interests

The loss attributable to minority shareholders totaled €(1) million for the half-year ended June 30, 2009, compared to €1 million in the same period last year.

Profit/(loss)attributable to Rhodia shareholders

The net loss attributable to Rhodia shareholders amounted to €(174) million for the half-year ended June 30, 2009, compared to a profit of €77 million for the half-year ended June 30, 2008.

2.3.2 Cash and equity

2.3.2.1 Information on the Group’s equity

This paragraph provides an analysis of the consolidated balance sheet at June 30, 2009, compared to December 31, 2008.

Operating working capital

Operating working capital requirements totaled €411 million at June 30, 2009. The ratio of operating working capital requirements to total net sales was 9.6% at June 30, 2009, compared to 10.8% at December 31, 2008 and 12.4% at June 30, 2008

Consolidated net debt

Gross debt, defined as total current and non-current borrowings increased from €1,831 million at December 31, 2008 to €1,876 million at June 30, 2009.

This increase was mainly due to more significant drawings on existing bilateral credit lines.

Cash and cash equivalents and other current financial assets increased from €520 million at December 31, 2008 to €678 million at June 30, 2009.

The increase is primarily related to the free cash flow generated by the Group during the reference period and invested in investment securities.

Accordingly, consolidated net debt (defined as non-current and current borrowings less cash and cash equivalents and other current financial assets) decreased from €1,311 million at December 31, 2008 to €1,198 at June 30, 2009

Retirement obligations and similar benefits

Retirement obligations and similar benefits correspond to the payment of pensions, supplementary pensions, retirement termination benefits and other long term benefits.

Total obligations recognized in liabilities on the balance sheet amounted to €1,393 million at June 30, 2009, compared to €1,248 million at December 31, 2008. This decrease was mainly attributable to changes in assumptions (discount and inflation rates) and the revaluation of pension plan assets.

A description of the analysis of retirement obligations and similar benefits is presented in Note 16 to the condensed consolidated financial statements.

Provisions

Provisions classified as current and non-current liabilities totaled €460 million at June 30, 2009, compared to €416 million at December 31, 2008.

These provisions are analyzed by type as follows:

- restructuring provisions covering employee expenses and site closure costs;
- environmental provisions. Rhodia regularly assesses all its environmental liabilities and possible remediation measures. The provision is calculated based on discounted future cash flows;
- other provisions.

Shareholders' equity

Shareholders' equity stood at €(612) million at June 30, 2009, compared to €(356) million at December 31, 2008

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

2.3.2.2 Group's consolidated cash flows

The following table presents an analysis of consolidated cash flows for the half-year ended June 30, 2009, compared to June 30, 2008.

(in millions of euros)	June 30, 2008	June 30, 2009
Cash flows		
Net profit/(loss)	*77*	*(174)*
Net cash flow from operating activities before changes in working capital	233	(5)
Changes in working capital	(151)	291
Margin calls	(6)	2
Net cash from operating activities	76	288
Net cash used by investing activities	(136)	(219)
Net cash from financing activities	30	19
Impact of exchange rate fluctuations	2	21
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(28)	109

Net cash flow from operating activities

Net cash from operating activities totaled €288 million for the half-year ended June 30, 2009, compared to €76 million for the half-year ended June 30, 2008.

This performance is the result of a decrease in net cash flow from operating activities before changes in working capital, from €233 million for the half-year ended June 30, 2008 to a cash use of €(5) million for the half-year ended June 30, 2009, largely offset by an exceptional improvement in changes in working capital (defined as trade and other receivables, plus changes in inventory less trade and other payables plus changes in other current assets and liabilities) and additional Group efforts to generate cash.

For the half-year ended June 30, 2008, changes in working capital represented a cash use of €151 million, whereas for the half-year ended June 30, 2009, changes in working capital over the period generated a particularly high cash level of €291 million, due to the decline in activity, but mostly to the Group's adjustment of its raw material production and purchases to the low level of demand.

Net cash flow used by investing activities

Net cash in the amount of €(219) million was used by investing activities for the half-year ended June 30, 2009, while net cash in the amount of €(136) million was used for the half-year ended June 30, 2008.

The following factors explain the €83 million increase in cash used:

- the generation of €42 million in cash following reductions in purchases of property, plant and equipment for €26 million and fewer acquisitions of other non-current assets for €16 million;
- disposal of non-current assets generating a €9 million improvement in cash;
- the increase in net investments which used €53 million in cash flow, including a €50 million investment in certificates and deposits to improve the profitability of short-term investments; and
- the use of €80 million to acquire McIntyre, a manufacturer of specialty surfactants.

Net cash flow from financing activities

Net cash flow in the amount of €19 million was generated by financing activities for the half-year ended June 30, 2009, while net cash in the amount of €30 million was generated by financing activities for the half-year ended June 30, 2008.

2.3.2.3 Liquidity and capital resources

In order to guarantee its liquidity, Rhodia renegotiated its financial covenants on April 3, 2009. These covenants, which are tested on a quarterly basis and to which the maintenance of the syndicated credit line expiring June 30, 2012 is subordinated, are as follows:

(in millions of euros)	Consolidated net debt / adjusted recurring EBITDA	Recurring EBITDA / net financial expenses
06/30/2009	4.75 :1.0	2.5 :1.0
12/31/2009	4.75 :1.0	2.5 :1.0
06/30/2010	3.75 :1.0	3.1 :1.0
12/31/2010	3.5 :1.0	3.4 :1.0
06/30/2011	3.0 :1.0	4.0 :1.0
12/31/2011	3.0 :1.0	4.0 :1.0

2.3.3 Post closing events

No post closing event has occurred.

2.4 OUTLOOK

By the end of the first half of the year, demand in emerging countries returned to 2008 levels and customer de-stocking in Europe and North America was essentially completed. In Q3, despite the unfavorable effects of seasonal shut-downs in Europe, we expect a slight sequential improvement in demand as well as in our recurring EBITDA. However, demand levels for Q4 remain uncertain.

Well-positioned to face the significant business challenges, we remain focused on Free Cash Flow generation for the full year.

2.5 TRANSACTIONS WITH RELATED PARTIES

The nature of the transactions with related parties has not changed materially during the half-year ended June 30, 2009, as compared to those mentioned in Note 33 to the Consolidated financial statements for the year ended December 31, 2008, presented in the Company's 2008 Reference Document. Accordingly, no new transactions or modifications to transactions with related parties likely to have a material impact on the financial position or results of Rhodia were concluded.

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2009

A. Consolidated statement of income

(in millions of euros)	Note	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
		2009*	**2008***	**2009**	**2008**	**2008**
Net sales	**5**	**987**	**1,227**	**1,907**	**2,413**	**4,763**
Other revenue	5	88	107	234	258	550
Cost of sales		(884)	(1,080)	(1,875)	(2,162)	(4,382)
Administrative and selling expenses		(134)	(119)	(256)	(256)	(482)
Research and development expenditure		(15)	(17)	(33)	(37)	(73)
Restructuring costs	6	(9)	(4)	(29)	(6)	(40)
Other operating income/(expenses)	7	5	1	(1)	(2)	(27)
Operating profit/(loss)	**5**	**38**	**115**	**(53)**	**208**	**309**
Finance income	8	21	36	41	70	138
Finance costs	8	(75)	(93)	(145)	(170)	(313)
Foreign exchange gains/(losses)	8	-	1	5	2	(3)
Share of profit/(loss) of associates		(1)	1	(1)	1	(1)
Profit/(loss) before income tax		**(17)**	**60**	**(153)**	**111**	**130**
Income tax expense	9	(19)	(26)	(11)	(37)	(55)
Profit/(loss) from continuing operations		(36)	34	(164)	74	75
Profit/(loss) from discontinued operations	10	(4)	2	(11)	4	32
Net profit/(loss) for the period	**5**	**(40)**	**36**	**(175)**	**78**	**107**
Attributable to:						
Equity holders of Rhodia S.A.		(40)	35	(174)	77	105
Minority interests		-	1	(1)	1	2
Earnings per share (in euros)						
Continuing and discontinued operations						
- Basic		(0.39)	0.35	(1.75)	0.77	1.05
- Diluted		(0.39)	0.35	(1.74)	0.76	1.04
Continuing operations						
- Basic		(0.36)	0.34	(1.64)	0.72	0.73
- Diluted		(0.36)	0.33	(1.63)	0.71	0.72
Weighted average number of shares before dilution		*100,458,127*	*101,087,068*	*99,876,529*	*101,027,205*	*100,722,391*
Weighted average number of shares after dilution		*100,771,868*	*101,682,959*	*100,060,156*	*102,388,742*	*101,493,309*

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

B. Consolidated statement of comprehensive income

(in millions of euros)	Note	Half-year ended June 30, 2009	2008
Net profit/(loss) for the period	5	**(175)**	**78**
Currency translation differences and other movements		9	4
Gains/(losses) on cash flow hedges on commodities		23	(77)
Gains/(losses) on cash flow hedges on foreign currency portfolio		56	1
Gains/(losses) on cash flow hedges on interest rates		(10)	7
Deferred tax on cash flow hedge recognized in equity		(12)	7
Actuarial gains/(losses) on retirement benefits	16	(140)	46
Deferred tax on actuarial gains/(losses)		(7)	1
Net income/(expense) directly recognized in equity		**(81)**	**(11)**
Total recognized income and expense	**E.**	**(256)**	**67**
Attributable to:			
Equity holders of Rhodia S.A.		(254)	67
Minority interests		(2)	-

C. Consolidated balance sheet

Assets

(in millions of euros)	Note	At June 30, 2009	At December 31, 2008
Property, plant and equipment		1,478	1,501
Goodwill	11	221	197
Other intangible assets		192	181
Investments in associates		12	13
Other non-current financial assets		107	92
Deferred tax assets		162	171
Non-current assets		**2,172**	**2,155**
Inventories		417	666
Income tax receivable		14	12
Trade and other receivables		686	821
Derivative financial instruments		159	148
Other current financial assets		77	28
Cash and cash equivalents	12	601	492
Assets classified as held for sale		2	2
Current assets		**1,956**	**2,169**
TOTAL ASSETS		**4,128**	**4,324**

Equity and liabilities

(in millions of euros)	Note	At June 30, 2009	At December 31, 2008
Share capital		1,213	1,213
Additional paid-in capital		138	138
Other reserves		183	86
Accumulated deficit		(2,161)	(1,812)
Equity attributable to equity holders of Rhodia S.A.		**(627)**	***(375)***
Minority interests		15	19
Total equity deficit	**E.**	**(612)**	**(356)**
Borrowings	14	1,666	1,612
Retirement obligations and similar benefits	16	1,296	1,155
Provisions		310	279
Deferred tax liabilities		24	38
Other non-current liabilities		49	33
Non-current liabilities		**3,345**	**3,117**
Borrowings	14	210	219
Derivative financial instruments		132	123
Retirement obligations and similar benefits	16	97	93
Provisions		150	137
Income tax payable		13	19
Trade and other payables		793	972
Liabilities associated with assets classified as held for sale		-	-
Current liabilities		**1,395**	**1,563**
TOTAL EQUITY AND LIABILITIES		**4,128**	**4,324**

D. Consolidated statement of cash flows

(in millions of euros)	Half-year ended June 30,		Year ended December 31,
	2009	2008	2008
Net profit/(loss) for the period attributable to equity holders of Rhodia S.A.	**(174)**	**77**	**105**
Adjustments for:			
Minority interests	(1)	1	2
Depreciation and impairment of non-current assets	146	143	299
Net increase/(decrease) in provisions and employee benefits	(1)	(37)	(29)
Impairment of non-current financial assets	-	-	1
Share of profit/(loss) of associates	1	(1)	1
Other income and expense	19	22	28
(Gain)/loss on disposal of non-current assets	(8)	2	(65)
Deferred tax expense/(gain)	(16)	2	4
Foreign exchange losses/(gains)	29	24	29
Net cash flow from/(used in) operating activities before changes in working capital	**(5)**	**233**	**375**
Changes in working capital			
• (Increase)/decrease in inventories	279	(92)	(149)
• (Increase)/decrease in trade and other receivables	94	(92)	134
• Increase/(decrease) in trade and other payables	(196)	54	(7)
• Increase/(decrease) in other current assets and liabilities	114	(21)	(34)
Net cash from operating activities before margin calls	**286**	**82**	**319**
Margin calls (1)	2	(6)	-
Net cash from operating activities	**288**	**76**	**319**
Purchases of property, plant and equipment	(85)	(111)	(241)
Purchases of other non-current assets	(11)	(27)	(41)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	7	(2)	209
Purchases of entities, net of cash acquired	(81)	-	-
(Purchases of)/repayments of loans and financial investments	(49)	4	(9)
Net cash from/(used by) investing activities	**(219)**	**(136)**	**(82)**
Treasury share purchase costs	(2)	-	(14)
Dividends paid	(1)	(25)	(27)
New non-current borrowings, net of costs	45	-	23
Repayments of non-current borrowings, net of costs	(39)	(8)	(53)
Net increase/(decrease) in current borrowings	16	63	(58)
Net cash from/(used by) financing activities	**19**	**30**	**(129)**
Effect of foreign exchange rate changes	**21**	**2**	**(31)**
Net increase/(decrease) in cash and cash equivalents	**109**	**(28)**	**77**
Cash and cash equivalents at the beginning of the year	492	415	415
Cash and cash equivalents at the end of the year	601	387	492

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

E. Statement of changes in equity

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Minority interests**	**Total**
At January 1, 2009	**1,213**	**138**	**(49)**	**109**	**40**	**(14)**	**(1,812)**	**(375)**	**19**	**(356)**
Appropriation of earnings	-	-	-	-	18	-	(18)	**-**	-	**-**
Income and expense directly recognized in equity	-	-	69	12	-	-	(335)	**(254)**	(2)	**(256)**
Other movements (1)	-	-	-	(4)	-	2	4	**2**	(2)	**-**
At June 30, 2009	**1,213**	**138**	**20**	**117**	**58**	**(12)**	**(2,161)**	**(627)**	**15**	**(612)**

(1) Including bonus shares for €3.5 million

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Minority interests**	**Total**
At January 1, 2008	**1,204**	**147**	**2**	**84**	**37**	**-**	**(1,863)**	**(389)**	**21**	**(368)**
Appropriation of earnings	-	-	-	-	3	-	(3)	**-**	-	**-**
Share capital increase	9	(9)	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	-	(25)	**(25)**	(2)	**(27)**
Income and expense directly recognized in equity	-	-	(69)	5	-	-	131	**67**	-	**67**
Other movements (1)	-	-	-	-	-	-	8	**8**	-	**8**
At June 30, 2008	**1,213**	**138**	**(67)**	**89**	**40**	**-**	**(1,752)**	**(339)**	**19**	**(320)**

(1) Including bonus shares for €7.8 million

F. Notes to the condensed consolidated financial statements

1. General information

Rhodia S.A. and its subsidiaries (“Rhodia” or the “Group”) produce, market and develop chemicals. Rhodia is the partner of major players in the automotive, tire, electronics, perfume, health & beauty and home care markets.

Rhodia has offices worldwide and specifically in Europe, the United States, Brazil and Asia.

Rhodia S.A. is a public limited company registered and domiciled in France. Its registered office is located at Paris–La Défense.

The company is listed on Euronext Paris.

These condensed consolidated financial statements were reviewed on July 28, 2009 by the Board of Directors.

2. Principal accounting methods

2.1. Accounting standards

Rhodia prepares its condensed consolidated financial statements on a quarterly basis, in accordance with IAS 34, Interim financial reporting. They do not include all the information required for the preparation of the annual financial statements and should be read in accordance with the consolidated financial statements for the year ended December 31, 2008, as included in the reference document filed by Rhodia with the AMF (French securities regulator) on March 24, 2009.

2.2. Basic principles used for preparation of the financial statements

The condensed consolidated financial statements for the half-year ended June 30, 2009 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2008.

The standards, interpretations and amendments adopted by the European Union at June 30, 2009 and their mandatory adoption in 2009 had no significant impact on the condensed consolidated financial statements for the half-year ended June 30, 2009. The adoption of IFRS 8 Operating segments for the June 30, 2009 financial statements did not change Rhodia’s presentation of segment information by enterprises. Insofar as current segment information reflects the Group’s internal reporting, the adoption of this new standard has no impact on the consolidated financial statements.

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

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

2.3. Estimates

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

For the preparation of the condensed consolidated financial statements, management made estimates and formulated judgments and assumptions for the same items as those used for the preparation of the consolidated financial statements for the year ended December 31, 2008, except with respect to the following:

- Income tax expense

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

- Retirement obligations and similar benefits

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

Notes to the consolidated income statement

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

No material unusual items had an impact on the condensed consolidated financial statements for the half-year ended June 30, 2009.

4. Seasonality effects

The Group's activity and operating results for the first six months of 2009 were not of a seasonal or cyclical nature compared to the activity and operating results for the entire year.

5. Segment information

The following information concerns continuing operations by business segment. Information on discontinued operations is presented in Note 10.

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

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

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
Quarter ended June 30, 2009*								
Net sales	347	208	149	51	140	55	42	**992**
Other revenue	20	4	1	85	3	1	11	**125**
Inter-company sales – Net sales	(3)	-	(1)	-	-	-	(1)	**(5)**
Inter-company sales – Other revenue	(3)	(1)	-	(30)	(1)	-	(2)	**(37)**
External net sales	**344**	**208**	**148**	**51**	**140**	**55**	**41**	**987**
Other external income	17	3	1	55	2	1	9	**88**
Operating profit/(loss)	**(21)**	**11**	**6**	**30**	**26**	**15**	**(29)**	**38**
Share of profit/(loss) of associates	-	-	-	-	-	-	-	**(1)**
Profit/(loss) from financial items	-	-	-	-	-	-	-	**(54)**
Income tax expense	-	-	-	-	-	-	-	**(19)**
Profit/(loss) from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(36)**
Recurring EBITDA (1)	**6**	**22**	**17**	**37**	**33**	**20**	**(24)**	**111**

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

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
Quarter ended June 30, 2008*								
Net sales	495	240	195	52	113	70	74	**1 239**
Other revenue	32	5	2	133	1	1	19	**193**
Inter-company sales – Net sales	(10)	-	(1)	-	-	-	(1)	**(12)**
Inter-company sales – Other revenue	(4)	(2)	-	(75)	-	-	(5)	**(86)**
External net sales	**485**	**240**	**194**	**52**	**113**	**70**	**73**	**1 227**
Other external income	28	3	2	58	1	1	14	**107**
Operating profit/(loss)	**34**	**21**	**25**	**36**	**10**	**17**	**(28)**	**115**
Share of profit/(loss) of associates	-	-	-	-	-	-	-	**1**
Profit/(loss) from financial items	-	-	-	-	-	-	-	**(56)**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26)**
Profit/(loss) from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34**
Recurring EBITDA (1)	**60**	**30**	**35**	**38**	**17**	**20**	**(13)**	**187**

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

(1) Recurring EBITDA: Operating profit or loss before net depreciation, amortization and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate and Other" mainly corresponds to the Salicylics businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other 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
Half year ended June 30, 2009								
Net sales	633	417	291	92	275	121	87	**1,916**
Other revenue	53	7	2	234	5	2	24	**327**
Inter-company sales – Net sales	(5)	(1)	(1)	-	-	-	(2)	**(9)**
Inter-company sales – Other revenue	(8)	(2)	-	(77)	(1)	-	(5)	**(93)**
External net sales	**628**	**416**	**290**	**92**	**275**	**121**	**85**	**1,907**
Other external income	45	5	2	157	4	2	19	**234**
Operating profit/(loss)	**(153)**	**10**	**(5)**	**74**	**52**	**35**	**(66)**	**(53)**
Share of profit/(loss) of associates	-	-	-	-	-	-	-	**(1)**
Profit/(loss) from financial items	-	-	-	-	-	-	-	**(99)**
Income tax expense	-	-	-	-	-	-	-	**(11)**
Profit/(loss) from continuing operations	-	-	-	-	-	-	-	**(164)**
Recurring EBITDA (1)	**(90)**	**36**	**20**	**85**	**67**	**44**	**(49)**	**113**

(in millions of euros)	Polyamide	Novecare	Silcea	Energy Services	Acetow	Eco Services	Corporate and Other (2)	Group
Half year ended June 30, 2008								
Net sales	971	475	384	104	226	127	150	**2,437**
Other revenue	66	9	4	324	3	4	35	**445**
Inter-company sales – Net sales	(18)	(1)	(2)	-	-	-	(3)	**(24)**
Inter-company sales – Other revenue	(8)	(3)	(1)	(165)	(1)	-	(9)	**(187)**
External net sales	**953**	**474**	**382**	**104**	**226**	**127**	**147**	**2,413**
Other external income	58	6	3	159	2	4	26	**258**
Operating profit/(loss)	**63**	**40**	**41**	**86**	**23**	**26**	**(71)**	**208**
Share of profit/(loss) of associates	-	-	-	-	-	-	-	**1**
Profit/(loss) from financial items	-	-	-	-	-	-	-	**(98)**
Income tax expense	-	-	-	-	-	-	-	**(37)**
Profit/(loss) from continuing operations	-	-	-	-	-	-	-	**74**
Recurring EBITDA (1)	**112**	**58**	**62**	**91**	**37**	**33**	**(38)**	**355**

(1) Recurring EBITDA: Operating profit or loss before net depreciation, amortization and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate and Other" mainly corresponds to the Salicylics businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other companies and mainly comprises internal and third-party industrial service sales. In addition to the net profit from these activities, operating profit comprises the expenses of the Group's Corporate functions and departments, other operating income and expenses relating to the environment and disposal gains and losses (see Note 7).

6. Restructuring costs

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2009*	**2008***	**2009**	**2008**	**2008**
New plans	(7)	(2)	(22)	(3)	(30)
Re-estimated costs of previous plans	-	(2)	2	(3)	(5)
Impairment of non-current assets	(2)	-	(9)	-	(4)
Impairment of current assets	-	-	-	-	(1)
Total	**(9)**	**(4)**	**(29)**	**(6)**	**(40)**

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

The new measures for the first half of 2009 represent a total estimated cost of €22 million and correspond to the competitiveness enhancement plans initiated for Polyamide, Silcea and Novecare and the support functions. In France, plans mainly concern the industrial sites of Belle-Etoile, Valence, Melle, Chalampé and Saint Fons Chimie as well as support functions for a total of €13 million. In other countries, the new measures relate to 2 planned site closures in Asia (Ruohai and Ambarnath) and various measures implemented to improve productivity in both the industrial sites and commercial and administrative functions for €9 million. Out of this total, €4 million concern measures launched in the United States.

7. Other operating income and expenses

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2009*	**2008***	**2009**	**2008**	**2008**
Net gains on disposals of non-current assets	7	1	8	2	26
Environmental expenses	(5)	1	(5)	(3)	(34)
Other operating income and expenses	3	(1)	(4)	(1)	(19)
Total	**5**	**1**	**(1)**	**(2)**	**(27)**

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

Environmental expenses are analyzed in Note 17.

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

8. Profit/(loss) from financial items

	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
(in millions of euros)	2009 *	2008 *	2009	2008	2008
Gross interest expense on borrowings	(30)	(34)	(62)	(67)	(135)
Income from cash equivalents	3	4	5	10	20
Gains/(losses) from interest rate derivatives	-	(2)	-	(1)	(1)
Income / (expenses) on financial transactions	(8)	(7)	(10)	(11)	(3)
Discounting effects	(36)	(42)	(71)	(78)	(149)
Expected return on pension plan assets	17	21	33	43	87
Foreign exchange gains/(losses)	-	1	5	2	(3)
Proceeds from sale of available-for-sale financial assets	-	3	-	3	3
Other	-	-	1	1	3
Profit/(loss) from financial items	**(54)**	**(56)**	**(99)**	**(98)**	**(178)**
Of which:					
Finance costs	(75)	(93)	(145)	(170)	(313)
Finance income	21	36	41	70	138
Foreign exchange gains/(losses)	-	1	5	2	(3)

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

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

On the other hand, following the renegotiation, a €(4) million accelerated depreciation of the remaining fees, which were capitalized at the implementation of the syndicated credit facility in 2007, was booked under income and (expenses) on financial transactions at June 30.

9. Income taxes

For the period ended June 30, 2009, the tax expense amounted to €(11) million (against €37 million for the period ended June 30, 2008), for a loss from continuing operations before tax of €(153) million (income of €111 million for the period ended June 30, 2008).

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2009*	2008*	2009	2008	2008
Current income tax expense	(17)	(21)	(27)	(35)	(49)
Deferred tax income/(expense)	(2)	(5)	16	(2)	(6)
Tax expense	**(19)**	**(26)**	**(11)**	**(37)**	**(55)**

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

The current income tax expense mainly corresponds to the income tax reported by the American and German entities.

The deferred tax income is mainly attributable to the capitalization of tax losses in Brazil in the first half of 2009 that management expects to recover within a reasonable timeframe.

Management has not modified its estimate of the probability of recovering the deferred tax assets relating to French and British tax groups. Thus, no new deferred tax asset was recorded for the half-year ended June 30, 2009.

10. Profit/(loss) from discontinued operations

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2009*	**2008***	**2009**	**2008**	**2008**
Net sales	-	73	-	150	206
Other revenue	-	4	1	7	7
Operating expenses, net	(3)	(75)	(10)	(152)	(218)
Net finance costs	(1)	-	(2)	(1)	(2)
Profit/(loss) from discontinued operations before tax and gains/(losses) on disposals	**(4)**	**2**	**(11)**	**4**	**(7)**
Gains on disposals	**-**	-	-	-	41
Tax effect	**-**	-	-	-	(2)
Profit/(loss) from discontinued operations	**(4)**	**2**	**(11)**	**4**	**32**

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

The loss from discontinued operations for the period ended June 30, 2009 is attributable to the disposals made before 2009. At June 30, 2008, the impacts mainly related to the disposal of the Isocyanates business in September 2008.

Notes to the consolidated balance sheet

11. Goodwill

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

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

(in millions of euros)		**At June 30, 2009**
Cost of the business combination (A) :		73
Gross consideration	78	
Costs directly attributable to the acquisition	2	
Price adjustment (*)	(7)	
Net assets acquired (B) :		50
Fixed assets	15	
Inventories and work-in-progress	10	
Trade names	5	
Acquired technologies	6	
Customer relationships	17	
Other assets and liabilities	(3)	
GOODWILL (A) – (B)		**23**

(*) reimbursed in July 2009 by McIntyre

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

The business acquired from McIntyre has contributed € 2 million to Rhodia's net result since February 27, 2009.

12. Cash and cash equivalents

12.1 Analysis by type

(in millions of euros)	**At June 30, 2009**	**At December 31, 2008**
Cash in banks	99	122
Cash equivalents	502	370
Total	**601**	**492**

12.2 Consolidated statement of cash flows

In the first half of 2009, discontinued operations contributed to net cash flows from operating activities in the amount of €(3) million. They did not contribute to net cash flows used by investing activities or net cash flows from financing activities.

Paid interest costs on borrowings, net of interest received on cash and cash equivalents (including the impact of the interest rate hedge), totaled €48 million.

Income taxes paid in the first half of 2009 totaled around €27 million.

13. Equity

13.1 Share capital and additional paid-in capital

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

13.2 Dividends

No dividends were paid to the shareholders of Rhodia S.A. during the half-year ended June 30, 2009.

13.3 Translation reserve

The increase in the translation reserve attributable to equity holders of Rhodia S.A. amounted to €8 million for the half-year ended June 30, 2009, primarily due to the appreciation of the Brazilian real against the euro.

13.4 Treasury Shares

Following the attribution of bonus shares to the beneficiaries of the 2007 A and B plans, there were a total of 1,210,539 treasury shares as of June 30, 2009.

13.5 Other movements

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

14. Borrowings

Breakdown of borrowings by type

At June 30, 2009					
(in millions of euros)	**Amount at amortized cost (1)**	**Redemption value (2)**	**Amount at fair value (3)**	**Maturity**	**Effective rates before hedging (4) - (5)**
2004 USD senior notes	4	4	4	06/01/2010	10.25%
2004 EUR senior notes	1	1	1	06/01/2010	10.50%
Bilateral credit facilities	136	136	136	2009 - 06/2010	Euribor + 0.9% / Euribor + 2.5% / 7.5%
Securitization of receivables	41	41	41	2009	0.89%
Finance lease debts	2	2	2	2009	3.10% - 3.56%
Other debts	11	11	11	2009	< 6%
Accrued interest payable	15	15	15	-	-
Sub-total short term	**210**	**210**	**210**		
2006 EUR senior notes	1,050	1,067	772	10/15/2013	Euribor 3M + 2.75%
OCEANE bonds	524	595	388	01/01/2014	6.29%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Bilateral credit facilities	63	63	63	2010-2012	6.8% - 7.74%
Finance lease debts	6	6	6	2010-2014	3.10% - 3.56%
Other debts	8	8	8	2010-2015	< 6%
Sub-total long term	**1,666**	**1,754**	**1,252**		
TOTAL	**1,876**	**1,964**	**1,462**		

(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 OCEANE are measured on the last day of the period. The redemption price was adopted for other borrowings.
(4) Effective interest rate before impact of hedges.
(5) Libor/Euribor are mainly 1, 3 or 6 months.

At December 31, 2008					
(in millions of euros)	**Amount at amortized cost (1)**	**Redemption value (2)**	**Amount at fair value (3)**	**Maturity**	**Effective rates before hedging (4) - (5)**
Bilateral credit facilities	141	141	141	2009	Euribor + 0.9% / Euribor + 2.5% / 7%
Securitization of receivables	37	37	37	2009	4.30% - 4.59%
Finance lease debts	4	4	4	2009	3.10% - 3.96%
Other debts	10	10	10	2009	< 6%
Accrued interest payable	27	27	27	-	-
Sub-total short term	**219**	**219**	**219**		
2006 EUR senior notes	1,048	1,067	536	10/15/2013	Euribor 3M + 2.75%
OCEANE bonds	509	595	304	01/01/2014	6.29%
2004 USD senior notes	4	4	4	06/01/2010	10.25%
2004 EUR senior notes	1	1	1	06/01/2010	10.5%
Other EUR notes	16	16	16	12/31/2011	Euribor 6M + 1.60%
Bilateral credit facilities	21	21	21	2010-2012	5.07% - 6.7%
Finance lease debts	4	4	4	2010-2014	3.10% - 3.96%
Other debts	9	9	9	2010-2015	< 6%
Sub-total long term	**1,612**	**1,717**	**895**		
TOTAL	**1,831**	**1,936**	**1,114**		

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

15. Financial risk management

15.1 Liquidity risk management

At June 30, 2009, Rhodia's liquidity position amounted to €1,149 million, compared to €1,036 million at December 31, 2008. This liquidity position includes an undrawn credit line of €543 million in connection with Rhodia's syndicated credit facility ("RCF").

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

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

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

15.2 UCITS and financial instrument risk management

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

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

16. Retirement obligations and similar benefits

Compared to December 31, 2008, long-term interest rates fluctuated significantly in the United Kingdom, leading to a revaluation of the retirement obligations and similar benefits. The discount rate used was 6.20% at June 30, 2009 against 6.40% at December 31, 2008.

At the same time, in the United Kingdom, the long-term inflation rate increased from 2.45% at December 31, 2008 to 3.30% at June 30, 2009.

In addition, the fair value of the main plan assets in the United Kingdom and the United States was revalued.

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

(in millions of euros)	**Change in assumptions**	**Revaluation of plan assets**	**Others**
Actuarial gains and losses recognized in equity			
Actuarial losses on retirement obligations and similar benefits	(95)	(51)	6
Obligations recognized in liabilities			
Retirement obligations	95	51	-
Similar benefits	-	-	(6)

These items mainly explain the increase in retirement obligations and similar benefits to €1,393 million at June 30, 2009, compared to €1,248 million at December 31, 2008.

17. Environmental provisions

At June 30, 2009, the discount rates used for the calculation of environmental provisions had been revised in the United Kingdom, the United States, Europe (excluding France) and Brazil. The variation in discount rates used had no significant impacts on the June 30, 2009 consolidated financial statements.

The discount rates used at June 30, 2009 for the calculation of environmental provisions, are set up by geographical area based on risk-free interest rates (government bonds) and without inflation, and are as follows:

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

At June 30, 2009, environmental provisions amounted to €214 million, compared to €196 million at December 31, 2008, with the change mainly being attributable to the appreciation of the Brazilian real.

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

18. Claims and litigation

During the half-year ended June 30, 2009, there were no new legal disputes or significant developments in litigation existing at December 31, 2008.

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

19. Share-based payment

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

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

The expense recognized with respect to share subscription plans and bonus shares for the half-year ended June 30, 2009 totaled €3.7 million. It includes €0.3 million for the cost of the new A and B plans (assumption under which the performance criteria of both plans will be met at December 31, 2009).

20. Post closing events

No post closing event has occurred.

4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED JUNE 30, 2009

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of Articles L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier) , we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Rhodia, for the six months ended June 30, 2009;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Similar to the December 31, 2008 closing, and as described in the half-year management report, they have been prepared in a context of highly volatile markets and significant difficulty in assessing the economic outlook. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Unlike the half-yearly information, the quarterly financial information for 2008 and 2009 was not subject to our review.

Based on our review, and except for the matter mentioned above, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.
Except for the matter mentioned above as it may relate to that information, we have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, July 29, 2009

The statutory auditors

KPMG Audit *Département de KPMG S.A.*	PricewaterhouseCoopers Audit
Denis Marangé	Christian Perrier

NOTES

FINANCIAL COMMUNICATIONS DEPARTEMENT
Cœur Défense – 110, esplanade Charles de Gaulle
F-92931 Paris La Défense Cedex
Tél. : + 33 (0)1 53 56 64 64

www.rhodia.com