Chemistry is our world, Responsibility is our way

Half-Year Financial Report

Half-year ended June 30, 2011

CONTENTS

1 HALF-YEAR FINANCIAL REPORT 3

1.1 HIGHLIGHTS OF THE 2011 FIRST HALF 3

1.2 RISK FACTORS AND UNCERTAINTIES 4

1.3 ANALYSIS OF THE CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED JUNE 30, 2011 5

1.3.1 Net sales and profitability 5

1.3.2 Financial structure 16

1.3.3 Post-closing events 19

1.4 OUTLOOK 19

1.5 TRANSACTIONS WITH RELATED PARTIES 19

2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2011 20

3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED JUNE 30, 2011 41

4 PERSON RESPONSIBLE 43

4.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 43

4.2 DECLARATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 43

This is a free translation in English of Rhodia's Financial Report for the half year ended June, 2011 issued in French and is provided solely for the convenience of English speaking readers.

1. 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, 2011, the Company's Registration Document for fiscal year 2010 filed with the Autorité des Marchés Financiers - AMF (French securities regulator) on March 23, 2011 under number D. 11-0171 and the update of the Company's Registration Document for fiscal year 2010 filed with the Autorité des Marchés Financiers on June 14, 2011 under number D.11-0171-A01.

1.1 HIGHLIGHTS OF THE 2011 FIRST HALF

Financial performances reflecting the seamless implementation of the Group's profitable and responsible growth strategy

Having achieved a breakthrough step-up in profitability in 2010, Rhodia has pursued in 2011 its profitable and sustainable growth strategy focused on three key drivers: organic growth in promising business areas and markets in which Rhodia already has a strong offering, product and process innovation committed to sustainable development, consistent with its distinctive positioning as a responsible chemical company, and external growth through targeted bolt-on acquisitions that strengthen its leadership. Based on this profitable and sustainable growth, the Group strives to generate an annual recurring EBITDA, excluding carbon credits, exceeding €1 billion by 2013-2015.

The Group set up a new organization, effective since January 1, 2011, to attain this objective. Now Rhodia's operations are organized into eleven Global Business Units grouped within the five Business Clusters: Consumer Chemicals, Advanced Materials, Polyamide Materials, Acetow & Eco Services and Energy Services. Since the beginning of 2011, the Group's financial reporting has therefore been prepared based on these five Business Clusters. In addition, a non-operating Business Cluster called "Corporate & Other" groups together corporate activities.

In the first half of 2011, Rhodia fully benefited from the solid growth in the various market segments and geographical areas in which the Group operates, particularly in fast-growing countries. Net sales soared by 25% to €3,120 million and the organic volume growth totaled 8% compared to the previous year. Advanced Materials and Consumer Chemicals contributed significantly to this organic growth, with respective organic increases in volumes by 23% and 11%, driven by the high quality of their business portfolio and their strong capacity for innovation. In addition, Consumer Chemicals benefited from the growth of the specialty amines business of Feixiang Chemicals acquired by the Global Business Unit Novecare at the end of 2010, whose integration has made swift progress. Furthermore, in a context marked by rising raw material and energy costs, the Group confirmed its ability to properly manage its sale prices, with the positive net impact of this pricing power on recurring EBITDA totaling €109 million. Last but not least, at the end of the first half of 2011, a large majority of expected CER annual production is already hedged at a price close to 13€ per ton, despite current low market prices. Recurring EBITDA increased then by 30% over the period to total €580 million, in line with the Group's target of generating over €1 billion, including carbon credits, in 2011.

The Group reported a Free Cash Flow of €100 million and continued to reduce its net debt, which amounted to €1,085 million as of June 30, 2011, down €109 million compared to December 31, 2010.

Continued development of a high-performance and environmentally friendly offering

In the first half of 2011, Rhodia, world leader in rare earth-based formulations, announced the development of a new process for the recovery and separation of rare earths contained in used low-energy light bulbs, opening up fresh environmental and economic prospects on a pan-European level. Further, Rhodia, in partnership with Umicore, a global materials technology group, have jointly developed of a unique process for the recycling of rare earths contained in Nickel Metal Hydride (NiMH) rechargeable batteries. These new recycling processes operational by early 2012, are important levers for securing and diversifying the Group's raw material sourcing and represent a new step in the Group's innovative strategy aiming to optimize the use of non-renewable resources.

In the automotive industry, Rhodia and Faurecia, a global supplier of engineering solutions and automotive components, announced that they are teaming up to jointly develop next-generation innovative lightweight automotive seat structural components using polyamide-based high-performance engineering plastics, the mass production of which is scheduled for 2014. Furthermore, Rhodia received the 2011 Pierre Potier Prize for "*innovation in chemistry supporting sustainable development*" for Eolys Powerflex™, a catalytic additive for particulate filters already used by 1.5 million diesel-powered vehicles in Europe.

Finally, the Group announced that it has invested in two venture capital funds set up to finance and develop innovative technology start-ups: the Aster II fund, launched in 2010 by Schneider Electric and Alstom, which focuses on the energy, new materials and environment sectors and is expected to raise funds between €120 to €150 million, and the Phoenix Venture Partners LP fund which mainly targets the Advanced Materials sector.

Planned Solvay-Rhodia merger: emergence of a major global chemicals player

On June 14, 2011, Solvay and Rhodia announced the launch of Solvay's friendly tender offer for Rhodia shares at €31.60 per Rhodia share ex dividend (representing a 50% premium compared to the closing Rhodia share price on April 1, 2011), and €52.30 for bonds convertible or exchangeable into new or existing shares (OCEANE). Recommended unanimously by the Rhodia Board of Directors, this offer covers the entire Rhodia equity capital and voting rights and values Rhodia's market capitalization at €3.4 billion with an enterprise value of €6.6 billion and a Recurring EBITDA multiple of 7.3x [1]. Rhodia's acquisition should be earnings accretive for Solvay as from 2011.

With sales of €12 billion[2], the new group will become a major global chemical company firmly committed to sustainable development. The future group will capitalize on its excellent market positions with 90% of combined sales realized in business segments in which it features among the top 3 worldwide.

The new Group will have a broader business portfolio, more resistant to economic cycles, and a balanced geographical coverage focused on fast-growing countries, which already account for 40% of the new Group's sales. Capitalizing on these complementarities and a common culture and values based on sustainable responsibility, operational excellence and innovation, the new Group will be perfectly poised to seize all growth opportunities.

The initial offer was opened on June 15, 2011.

1.2 RISK FACTORS AND UNCERTAINTIES

The main risks and uncertainties the Group could face in the remaining six months of fiscal year 2011 have not changed materially from those identified in Section 5.2 "Management of the main risk factors of the Group" of the 2010 Registration Document filed with the Autorité des Marchés Financiers on March 23, 2011.

Risk factors and management of these risks described in this Section concern:

- legal and contractual risks (see Section 5.2.1);
- industrial and environmental risks related to the Group's current business and past activities (see Section 5.2.2);
- credit and counterparty risks in the framework of the Group's operational and financial activities (see Section 5.2.3);
- operational risks including risks related to market cycles, competition risks, and risks related to emission credits (see Section 5.2.4);
- liquidity risks regarding Rhodia's financial resources and pension obligations of the Group (see Section 5.2.5);
- market risks including risks related to the financial markets and risks related to raw materials and energy (see Section 5.2.6).

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 above could adversely affect the businesses, financial position, income and forward-looking statement of the Group or its share price, particularly during the remaining six months of the fiscal year.

Certain other risks and uncertainties which have yet to be identified or are considered immaterial by Rhodia could also have an adverse impact, especially during the remaining six months of the fiscal year.

[1] Excluding CO_2 emission allowances, the REBITDA multiple is 8.5x
[2] 2010 pro forma data

1.3 ANALYSIS OF THE CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED JUNE 30, 2011

1.3.1 Net sales and profitability

1.3.1.1 Management analysis convention

This section contains information comparing year to year the performance of Rhodia and its Business Clusters, 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 divestitures, changes in consolidation not reclassified as discontinued operations and, with respect to comparisons of the results of the Business Clusters, transfers of activities between Business Clusters);
- fluctuations in exchange rates affecting 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 sale prices;
- changes in volumes; and
- transactional exchange rate impact (defined as the difference arising from the exchange into local currency of sales and purchases made in another currency).

Rhodia has implemented these measurements for its internal analysis requirements and tracks their performance based on quarterly reports submitted by its various entities. The same management information is used for its financial communication. For the comparison of profits from operations between two periods (the "prior" period, for example, the first half of 2010, and the "current" period, for example, the first half of 2011), Rhodia identifies 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 minimum, the number of months of the prior year during which the business had not yet been acquired, and, at maximum, 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 prior period results of any activity included in the consolidated financial statements that were generated outside of the equivalent period during which the activity was held.
- The impact of fluctuations in exchange rates is calculated by adjusting the prior period's results for fluctuations in exchange rates, by converting into euros accounting balances of the prior period denominated in currencies other than the euro at the same average exchange rates used for the current period.
- The impact of changes in average sale prices is calculated by comparing the current weighted average net unit sale price for each product in the current period (for example, the euro cost per ton) against the weighted average net unit sale 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 sale price in the prior period.

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

- *Recurring EBITDA,* defined as operating result before depreciation, amortization and impairment, restructuring costs and other operating income and expenses*;*

(in millions of euros)	Half-year ended June 30, 2010	2011
Operating profit/(loss)	**286**	**461**
Other operating expenses	(31)	(25)
Other operating income	15	42
Restructuring costs	(10)	2
Total depreciation and amortization (1)	(135)	(138)
RECURRING EBITDA	**447**	**580**

(1) Excluding depreciation and amortization recognized in restructuring costs and other operating income and expenses

- *Free Cash Flow*, defined as cash from operating activities, before margin calls and excluding non-recurrent refinancing expenses, less purchases of property, plant and equipment and other non-current assets.

(in millions of euros)	Half-year ended June 30, 2010	2011
Net cash from operating activities before margin calls	**287**	**252**
Purchases of property, plant and equipment	(83)	(135)
Purchases of other non-current assets	(17)	(17)
Free Cash Flow	**187**	**100**

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 replacements for performance measurements with respect to IFRS. The methods used by Rhodia to calculate changes may differ from those used by other companies.

1.3.1.2 Accounting aspects

The condensed consolidated financial statements for the half-year ended June 30, 2011 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2010.

The standards, interpretations and amendments adopted by the European Union as of June 30, 2011 and their mandatory adoption in 2011 had no significant impact on the condensed consolidated financial statements for the half-year ended June 30, 2011.

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.

1.3.1.3 Analysis of Group net sales and operating profit/(loss)

The following table presents the income statement down to operating profit/(loss) for the half-years ended June 30, 2010 and 2011:

	Half-year ended June 30,		
(in millions of euros)	**2010**	**2011**	**% change**
Net sales	2,506	3,120	24.5%
Other revenue	203	187	(7.9)%
Cost of sales	(2,091)	(2,508)	19.9%
Administrative and selling expenses	(266)	(314)	18.0%
Research and development expenditure	(40)	(43)	7.5%
Restructuring costs	(10)	2	(120)%
Other operating income and expenses	(16)	17	(206.3)%
Operating profit/(loss)	**286**	**461**	**61.2%**

Group net sales

Change in net sales *(in millions of euros)*	**Net sales for the half-year ended June 30, 2010**	**Consolidation scope**	**Exchange rate impact (translation)**	**Volume & mix**	**Sale price**	**Transactional exchange rate impact**	**Net sales for the half-year ended June 30, 2011**	**2010-2011 change in net sales**
Rhodia	**2,506**	111	(6)	204	361	(56)	**3,120**	24.5%

Rhodia's net sales totaled €3,120 million for the first half of 2011, up 24.5% compared to the first half of 2010.

Over the period, the Group recorded a positive scope impact of €111 million primarily due to the acquisition of Feixiang Chemicals, China's leader in amines and surfactants.

Following the far-reaching transformation of the Group as a result of initiatives undertaken in recent years, and as leader in all its business segments with a solid positioning in emerging markets and offering high-performance, innovative and environmentally friendly products, Rhodia goes on implementing its profitable and sustainable growth strategy. All the levers of this strategy contributed favorably to its net sales growth in the first half of 2011:

- 8.1% organic growth in volumes, due to the sustained momentum in all Group activities and geographical areas, with a surge in growth for Advanced Materials and Consumer Specialties volumes;
- 14.4% price increase against a backdrop of escalating raw material and energy prices;
- and finally, the contribution of Feixiang Chemicals activities, which have enhanced and bolstered the Group's lead in the field of specialty surfactants dedicated to the cosmetics, detergents, industrial cleaning, agrochemicals, oil, paint and industrial application markets.

The following table shows the breakdown of net sales by geographical area (based on customer locations) for the half-years ended June 30, 2010 and 2011:

(in millions of euros)	Half-year ended June 30,	
	2010	**2011**
Rhodia net sales	**2,506**	**3,120**
Net contribution to Rhodia net sales by geographical area (%):		
France	8%	9%
Europe (excluding France)	25%	25%
North America	20%	20%
Latin America	18%	16%
Asia and other countries	29%	30%
TOTAL	**100%**	**100%**

Operational expenses

Cost of sales

Cost of sales increased by €(417) million, or 20%, from €(2,091) million in the first half of 2011 to €(2,508) million in the first half of 2011. This significant cost increase primarily reflects raw material and energy costs inflation, as well as the high level of business. The scope impact relating to the acquisition of Feixiang Chemicals was partially offset by an overall positive transactional exchange rate impact on the variable costs of Rhodia's various activities.

Administrative and selling expenses

Administrative and selling expenses rose from €(266) million in the first half of 2010 to €(314) million in the first half of 2011. In addition to the impact of inflation, this increase was primarily attributable to the cash resources used in order to meet the Group's growth objectives.

Research and development expenditure

Research and development expenditure totaled €(43) million in the first half of 2011, up 7.5% compared to the same period in 2010.

Furthermore, this expenditure is presented net of the research tax credit impact, which amounted to €9 million in the first half of 2011.

Restructuring costs

Restructuring costs exhibited a net positive adjustment of €2 million in the first half of 2011, compared to a €(10) million net charge in the first half of 2010.

Other operating income and expenses

In the first half of 2011, other operating income and expenses amounted to €17 million, compared to €(16) million in the first half of 2010. They include:

- disposal gains (€30 million in the first half of 2011), primarily relating to Rhodia's minority interest in Novacap. In the first half of 2010, disposal gains mainly comprised the sale of the Mississauga site (Canada);
- revaluation of environmental provisions as of June 30, 2011, resulting in additional expenses of €(13) million, mainly relating to the Brazilian sites. Refer to Note 16 to the half-year financial statements;
- and finally, various operating expenses that canceled each other out in the first half of 2011, compared to €(5) million in the first half of 2010, including changes in fair value of derivative instruments relating to operating items, the trading component of Orbeo's activity as well as costs related to Solvay's tender offer and other divestiture and acquisition projects.

Change in operating profit/(loss) *(in millions of euros)*	**Operating profit/(loss)**	**Consolidation scope**	**Exchange rate impact (translation)**	**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 depreciation and amortization**	**Depreciation, amortization & impairment**	**Operating profit/(loss)**
	June 30, 2010												**June 30, 2011**
Rhodia	**286**	**19**	**(2)**	**86**	**361**	**(56)**	**(252)**	**42**	**(65)**	**33**	**7**	**2**	**461**

Operating profit

Rhodia's operating profit totaled €461 million for the first half of 2011, compared to €286 million in the first half of 2010, up 61.2%.

This performance primarily arose from a sharp increase in recurring EBITDA which reached a new record level of €580 million, compared to €447 million in the first half of 2010. Rhodia's recurring EBITDA margin totaled 18.6% in the first half of 2011, compared to 17.8% in the first half of 2010.

The positive scope impact of €19 million arose from the acquisition of Feixiang Chemicals finalized on November 30, 2010.

Rising volumes, which had a positive impact of €86 million in the first half of 2011, were attributable to the sustained demand in all the Group's markets and regions. Against a backdrop of rising raw material and energy prices, Rhodia took advantage of very significant pricing power, reflecting the quality of its product portfolio, and generating a net positive price impact (sale price/raw material costs) of €109 million in the first half of 2011. Growth was particularly robust for Consumer Chemicals and Advanced Materials. In generating around 49% of the Group EBITDA[3] in the first half of 2011 compared to 41% in the same period last year, these two Business Clusters have confirmed their role as the Group's powerful growth engines.

Exchange rate fluctuations (transactional and translation) were overall negative period-on-period, mainly due to the appreciation of the euro and the Brazilian real against the US dollar, resulting in a net negative impact of €(16) million.

Furthermore, in line with the high level of business and ongoing growth projects, fixed costs rose by €(65) million period-on-period.

Finally, other operating gain and losses reported a net €33 million income primarily due to a €25 million capital gain arising from the sale of a non-strategic minority interest.

[3] Excluding Corporate and Other

1.3.1.4 Analysis of net sales and operating profit/(loss) by Business Cluster

The following table shows the breakdown of net sales by Business Cluster for the half-year ended June 30, 2011 compared to the first half of 2010.

Change in net sales *(in millions of euros)*	Net sales for the half-year ended June 30, 2010	Consolidation scope	Exchange rate impact (translation)	Net sales for the half-year ended June 30, 2010 on a constant consolidation scope and exchange rate basis	Volume & mix	Sale price	Transactional exchange rate impact	Net sales for the half-year ended June 30, 2011	2010-2011 change in net sales
Rhodia	**2,506**	111	(6)	**2,611**	204	361	(56)	**3,120**	24.5%
Consumer Chemicals	**918**	108	(4)	**1,022**	99	123	(34)	**1,210**	31.8%
Advanced Materials	**250**	-	-	**250**	57	100	(6)	**401**	60.4%
Polyamide Materials	**816**	2	6	**824**	3	101	(11)	**917**	12.4%
Acetow & Eco Services	**379**	-	(7)	**372**	8	45	(4)	**421**	11.1%
Energy Services	**83**	-	1	**84**	42	(12)	-	**114**	37.3%
Corporate & Other	**60**	1	(2)	**59**	(5)	4	(1)	**57**	(5.0)%

The following table shows the breakdown of Group net sales by Business Cluster for the half-years ended June 30, 2010 and 2011:

(in millions of euros)	Half-year ended June 30, 2010	Half-year ended June 30, 2011
Rhodia net sales	**2,506**	**3,120**
Net contribution to Rhodia net sales by Business Cluster (%)		
Consumer Chemicals	36.6%	38.8%
Advanced Materials	10.0%	12.9%
Polyamide Materials	32.6%	29.4%
Acetow & Eco Services	15.1%	13.5%
Energy Services	3.3%	3.7%
Corporate & Other	2.4%	1.8%
TOTAL	**100.0%**	**100.0%**

The following table presents an analysis by Business Cluster of operating profit/(loss) for the first half of 2011 compared to the first half of 2010:

Change in operating profit/ (loss) *(in millions of euros)*	**Operating profit/ (loss) June 30, 2010**	**Consolidation scope**	**Exchange rate impact (translation)**	**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 depreciation and amortization**	**Depreciation, amortization & impairment**	**Operating profit/ (loss) June 30, 2011**
Rhodia	**286**	**19**	**(2)**	**86**	**361**	**(56)**	**(252)**	**42**	**(65)**	**33**	**7**	**2**	**461**
Consumer Chemicals	**115**	17	-	28	123	(34)	(85)	20	(24)	6	1	(7)	**160**
Advanced Materials	**36**	-	-	29	100	(6)	(44)	7	(13)	1	-	(2)	**108**
Polyamide Materials	**79**	(1)	-	5	101	(11)	(87)	11	(7)	-	(1)	-	**89**
Acetow & Eco Services	**57**	-	(1)		45	(4)	(33)	4	(2)	-	8	2	**76**
Energy Services	**78**	1	(1)	26	(12)	-	-	-	(1)	(7)	-	2	**86**
Corporate & Other	**(79)**	2	-	(2)	4	(1)	(3)	-	(18)	33	(1)	7	**(58)**

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

Consumer Chemicals

Consumer Chemicals comprises the Novecare, Coatis and Aroma Performance Global Business Units and primarily serves consumer products markets, with an offer adapted to the main trends in these markets. Novecare provides high performance chemicals to a broad range of industries in key segments of the beauty/personal care and detergent, agrochemical, oil and gas, coatings and industrial applications sectors. Leader in Latin America, Coatis manufactures and markets phenol and phenol derivatives as well as oxygenated solvents that serve the paint, surface coating, automotive, lumber and construction markets. The world's leading producer of diphenols, Aroma Performance is a reference supplier for manufacturers of flavorings and aromas.

Net sales

Consumer Chemicals' net sales increased by 31.8% in the first half of 2011 to €1,210 million, compared to €918 million in the first half of 2010.

The Business Cluster recorded a positive scope impact of €108 million arising from the acquisition of Feixiang Chemicals, China's leader in specialty amines. The combination of this technology with Novecare's product formulation expertise and end-market knowledge should reinforce the Group's leadership position in specialty surfactants for the cosmetics, detergent, industrial cleaning, agrochemicals, oil, paint and industrial application markets.

Consumer Chemicals continued to enjoy robust growth across all its activities in the first half of 2011. The organic growth in volumes (not relating to the scope impact arising from the acquisition of Feixiang) totaled 10.8% compared to the same period last year. This growth was primarily driven by the Oil& gas and Agrochemicals markets due to high demand and innovation. Coatis reported an 8.9% rise in volumes compared to the same period in 2010, mainly attributable to the phenols and solvents activities, while the volumes of Aroma Performance were stable period-on-period. Feixiang Chemicals continued to record sharp growth and its integration process has made steady progress in line with objectives. The new surfactants plant, currently under construction in Zhuhai, with a capacity of 50,000 tons per year, should be operational in the third quarter of 2011.

Operational profit

Consumer Chemicals' operating profit increased by 39.1% to €160 million in the first half of 2011, compared to €115 million in the first half of 2010.

This performance stems from an increase in recurring EBITDA to €192 million, compared to €145 million in the first half of 2010. The recurring EBITDA margin, stable compared to the previous period, amounted to 15.9% in the first half of 2011.

The €17 million positive scope impact was attributable to the acquisition of Feixiang Chemicals at the end of November 2010.

Due to the steady demand across all the markets and regions served by Consumer Chemicals, the development of an innovative and environmentally friendly product offering and the acquisition of Feixiang Chemicals in China, making the Group the international leader in surfactants in Asia, this Business Cluster reported an increase in operating profitability, as a result of activity totaling €45 million over the period (€28 million arising from organic growth and €17 million from the scope impact relating to the acquisition of Feixiang Chemicals). Furthermore, excellent sale price management enabled Consumer Chemicals to record a full-period positive net impact of €38 million between the two reference periods.

Transactional foreign exchange rate fluctuations generated a negative impact of €(14) million, primarily due to the depreciation of the US dollar against the euro and the Brazilian real.

Fixed costs rose by €(24) million due to the rise in salaries and growth projects.

Advanced Materials

Advanced Materials comprises the Silica and Rare Earth Systems GBUs and serves high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this Business Cluster, greater than the organic growth of the markets served, is driven by the challenges of sustainable development. Rhodia's competitive advantage resides in its technological lead, economies of scale, innovative capability and worldwide presence.

Net sales

Advances Materials' net sales totaled €401 million in the first half of 2011, up 60.4% on the same period last year.

Its activity in the first half of 2011 was driven by very solid market growth. The Business Cluster reported a 22.8% overall organic volume growth compared to the same period in 2010. Silica benefited from significant market growth in the high dispersible silica segment, and, for the first time, a substantial contribution from the new Chinese site in Qingdao. Rare Earth Systems recorded high demand across all its markets, particularly the Electronics market. The growth of the automotive catalysts market, however, was curbed temporarily due to the events in Japan. Generally, the growing demand was satisfactory, due to the effectiveness of measures aimed at diversifying rare earth supply sources following the decision by the Chinese authorities to reduce export quotas. The rare earth recycling activity has already become an important supply source.

Operating profit

Advanced Materials' operating profit tripled to €108 million in the first half of 2011, compared to €36 million in the same period in 2010.

This excellent performance was due to the very significant increase in recurring EBITDA to €124 million, compared to €52 million in the first half of 2010. The recurring EBITDA margin amounted to 30.9%, compared to 20.8% in the first half of 2010.

The organic growth in volumes, which was particularly high for Rare Earth Systems, had a positive impact of €29 million. This sharp improvement in the Business Cluster's profitability was primarily attributable to the rise in margins, as a result of a favorable pricing strategy and the competitiveness of Group's supply sources. The positive net impact arising from the pricing power totaled €56 million.

Over the period, the impact of transactional foreign exchange rate fluctuations was marginal.

Fixed costs rose by €(13) million due to the rise in salaries and growth projects.

Polyamide Materials

Polyamide Materials combines the activities of the Polyamide & Intermediates, Engineering Plastics and Fibras Global Business Units that bring together the polyamide chain activities. Their advantages stem from the integrated polyamide 6.6 production line, their leading position in the most profitable sectors and excellent competitiveness. The automobile industry is one of their major markets with solutions responding to the stakes of sustainable mobility.

Net sales

Net sales for Polyamide Materials stood at €917 million for the first half of 2011, compared to €816 million for the first half of 2010, an increase of 12.4%.

Polyamide Materials continued to benefit from steady demand in a tense supply and demand environment for most of the half-year. The sustained momentum enjoyed by the Engineering Plastics Global Business Unit, with organic growth volumes up by 9% compared to the same period last year, offset the decline in activity at Polyamide & Intermediates (P&I), following the *Force Majeure* that affected its production capacities, and Fibras as a result of the weak textile market in Brazil.

Operating profit/(loss)

The Polyamide Materials operating profit stood at €89 million for the first half of 2011, compared to €79 million for the first half of 2010.

The growth is due to an improved recurring EBITDA, amounting to €130 million, compared to €118 million for the first half of 2010. The Polyamide Materials recurring EBITDA margin totaled 14.2%, which was steady compared to the same period in 2010.

Over 2011, the P&I Global Business Unit will focus on managing its stretched production capacity for intermediates. The *Force Majeure* declared by the Group on February 4, 2011 was thus lifted on March 17, 2011. It concerned the HMDA and downstream manufacturing chain, a result of reduced production capacity due to a severe disruption of raw materials procurement, combined with an equipment breakdown at the DNA production facility in Chalampe (France), for an EBITDA net impact of over €15 million in the first half of 2011. Driven by the steady market demand of the Engineering Plastics Global Business Unit, the Polyamide Materials Business Cluster volumes increased, generating a positive impact of €5 million compared to the first half of 2010.

Polyamide Materials has also benefited from strong pricing power in a context of higher raw material prices and a strained supply and demand environment. With respect to the P&I Global Business Unit, the adipic acid contracts, pursuant to which sale prices are indexed to the cost of raw materials, became fully operational in the second quarter, enabling margins to be stabilized in a spot market characterized by its volatility. Price increases for the full-half year had an overall positive impact of €101 million, largely offsetting the €(87) million negative impact related to higher raw material and energy costs.

Exchange rate fluctuations on sale prices and raw material and energy purchases were canceled out for €11 million and €(11) million, respectively.

Fixed costs increased by €(7) million because of salary inflation and growth projects for the Engineering Plastics and Fibras Global Business Units.

Acetow & Eco Services

Acetow is global producer of cellulose acetate cable and Eco Services offers a sulfuric acid regeneration service to chemical and refining industries in North America. Acetow & Eco Services operate in very specific, mature and stable markets where partnerships with customers are built on reliability, quality of service and supply security. Acetow & Eco Services combine innovative capacity and operational excellence by seizing opportunities in sustainable development.

Net sales

Acetow & Eco Services net sales rose by 11.1% for the first half of 2011, standing at €421 million, compared to €379 million for the first half of 2010.

Acetow's performance was solid throughout the half-year and demand was satisfactory. Eco Services volumes were affected by one-off customer issues. The two Global Business Units benefited from strong pricing power in a context of rising raw material and energy costs.

Operating profit/(loss)

Acetow & Eco Services posted an operating profit of €76 million for the first half of 2011, compared to €57 million for the first half of 2010, an increase of 33.3%.

This growth is attributable to an improved recurring EBITDA, which rose from €92 million for the first half of 2010 to €99 million for the first half of 2011. The recurring EBITDA margin stood at 23.5% for the first half of 2011, compared to 24.3% the previous period.

Volumes were steady period-on-period, while higher sale prices generated a positive net impact of €12 million over the full half-year.

Exchange rate fluctuations on sale prices and raw material and energy purchases were neutralized for €4 million and €(4) million respectively, while the conversion impact was negative at €(1) million due to the depreciation of the US dollar against the euro.

Fixed costs rose slightly and had a negative impact of €(2) million, largely offset by the €8 million positive impact of lower restructuring costs, which were particularly high in the first half of 2010 due the closing of the Valencia plant in Venezuela.

Energy Services

Energy Services relies on its expertise in energy optimization and the reduction of greenhouse gas emissions to develop "Climate Care" solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

Net sales

Energy Services net sales grew by 37.3% for the first half of 2011, standing at €114 million, compared to €83 million for the same period last year. These net sales were primarily attributable to the proceeds from the sale of CO_2 certified emission reduction units (CERU[4]), of which a substantial percentage of the production was hedged by forward sales.

Operating profit/(loss)

Up by 10.3%, the Energy Services operating profit stood at €86 million for the first half of 2011.

This growth is due to an improved recurring EBITDA, which amounted to €94 million for the first half of 2011, compared to €80 million for the first half of 2010.

CERU production in the first half of 2011 was in line with the annual forecast of 14 million tons, for which a large part is already hedged at an average price of nearly €13 per ton.

The €26 million increase in volumes is explained by a favorable comparison with the first half of 2010, a period that posted lower volumes as some sales were postponed to the third quarter of 2010. This positive evolution largely offsets the €(12) million negative impact related to lower sale prices, in an environment characterized by unfavorable regulatory trends and a lack of perspective beyond 2012.

The €(7) million negative variance between periods recorded in other operating income and expenses reflects the changes in fair value of derivative instruments not designated as hedges in relation to operating items in the field of energy supply.

[4] Certified Emission Reduction Units. These include Certified Emission Reductions (CER) and Emission Reduction Units (ERU).

Corporate & Other

Net sales

Corporate & Other net sales, mainly comprising Salicylic activities, totaled €57 million in the first half of 2011, thus approaching the €60 million reached in the first half of 2010.

Operating profit/(loss)

The Corporate & Other operating results comprises the margin on the Salicylic and trading activities, as well as expenses relating to the Group's Corporate functions and departments, 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.

For the first half of 2011, the Corporate & Other operating loss represented €(58) million, a decrease compared to the €(79) million loss recorded in the first half of 2010.

The decrease is largely due to the favorable trend in other operating income and expenses, for €33 million, arising from capital gains on the disposal of securities and property, plant and equipment recorded over the period, as well as charges to environmental provisions that were lower in 2011. In addition, lower depreciation and amortization charges generated a positive impact of €7 million.

These items largely offset the €(18) million negative impact arising from the increase in fixed costs relating to the Corporate functions and departments.

1.3.1.5 Other income statement items

	Half-year ended June 30,		
(in millions of euros)	**2010**	**2011**	**% change**
Operating profit/(loss)	**286**	**461**	**61.2%**
Profit/(loss) from financial items	(105)	(84)	
Income tax expense	(65)	(107)	
Profit/(loss) from continuing operations	116	270	
Profit/(loss) from discontinued operations	(3)	(2)	
Profit/(loss) for the period	113	268	
Attributable to equity holders of Rhodia SA	**112**	**264**	**135.7%**
Attributable to non-controlling interests	1	4	

Profit/(loss) from financial items

The net loss from financial items totaled €(84) million, compared to €(105) million in the first half of 2010, for a net improvement of €21 million.

The net expense related to financial indebtedness rose by €(5) million to stand at €(51) million, mainly due to higher interest rates on the bond debt and to a lesser extent an increase in the gross financial debt (€2,056 million for the half-year ended June 30, 2011, compared to €1,886 million for the half-year ended June 30, 2010).

In addition, the income and (expenses) on financial transactions for the half-year ended June 30, 2011 declined by €(25) million, corresponding to the cost of the May 2010 refinancing.

Share of profit/(loss) of associates

The share of profit/(loss) of associates was nil for the half-year ended June 30, 2011.

Income tax expense

For the half-year ended June 30, 2011, the Group recorded an income tax expense of €(107) million mainly corresponding to the income tax reported by the Asian, US and Brazilian entities. The current income tax expense totaled €(84) million for the half-year ended June 30, 2011.

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, 2011.

For the half-year ended June 30, 2010, the income tax expense amounted €(67) million mainly corresponding to the income tax reported by the US, Asian and German entities. The current income tax expense totaled €(58) million.

Profit/(loss) attributable to Rhodia shareholders

The net profit attributable to Rhodia shareholders amounted to €264 million for the half-year ended June 30, 2011, compared to a net profit of €112 million for the half-year ended June 30, 2010.

Non-controlling interests

The income attributable to non-controlling interests totaled €4 million for the half-year ended June 30, 2011, compared to income of €1 million for the same period last year.

1.3.2 Financial structure

1.3.2.1 Analysis of the consolidated balance sheet

Operating working capital

As of June 30, 2011, operating working capital requirements totaled €696 million, of which €12 million was classified under Net assets held for sale. The ratio of operating working capital requirements to total net sales was 9.9% as of June 30, 2011, compared to 9.2% as of December 31, 2010 and 9% as of June 30, 2010.

Consolidated net debt

Gross debt, defined as total current and non-current borrowings, increased from €2,010 million as of December 31, 2010 to €2,056 million as of June 30, 2011.

This €46 million increase breaks down as follows:

- the accretion mechanism for OCEANE bonds for €16 million;
- securitization programs for €147 million;
- the conversion impact of the 2020 high yield notes for €(22) million;
- the decrease in the use of current bilateral credit lines in Brazil and Asia for €(95) million.

Cash and cash equivalents and other current financial assets increased from €816 million as of December 31, 2010 to €971 million as of June 30, 2011.

The increase is primarily related to the Free Cash Flow generated by the Group during the reference period and the securitization programs.

Accordingly, consolidated net debt (defined as non-current and current borrowings less cash and cash equivalents and other current financial assets) decreased from €1,194 million as of December 31, 2010 to €1,085 million as of June 30, 2011.

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 €1,460 million as of June 30, 2011, compared to €1,510 million as of December 31, 2010. This increase was mainly attributable to changes in assumptions (discount rates), the revaluation of pension plan assets and the conversion impacts relating to the appreciation of the euro against the pound sterling and the US dollar.

A description of the analysis of retirement obligations and similar benefits is presented in Note 15 to the condensed consolidated financial statements for the half-year ended June 30, 2011.

Provisions

Provisions classified as current and non-current liabilities totaled €486 million as of June 30, 2011, compared to €557 million as of December 31, 2010.

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 €(50) million as of June 30, 2011, compared to €(288) million as of December 31, 2010.

As of June 30, 2011, Rhodia's share capital totaled €106,266,636, divided into 106,266,636 shares with a par value of €1 each.

In the first half of 2011, the exercise of share subscription options resulted in the issue of 209,445 shares, and the option for the payment of dividends through shares generated 1,486,223 new shares.

As decided by shareholders at the General Meeting on May 18, 2011, Rhodia S.A. paid out dividends totaling €52 million (€0.50/share) with respect to fiscal year 2010.

During the first half of 2011, Rhodia exercised treasury stock purchase options for 1,010,000 shares.

Following the grants of shares to the beneficiaries of certain performance-based free shares and stock options plans during the first half of 2011, there has been a total of 1,137,414 treasury shares as of June 30, 2011.

1.3.2.2 Consolidated cash flows

The following table presents an analysis of consolidated cash flows for the half-year ended June 30, 2011, compared to June 30, 2010.

(in millions of euros)	**June 30, 2010**	**June 30, 2011**
Cash flows		
Net profit	*112*	*264*
Net cash from operating activities before change in working capital	**304**	**345**
Change in working capital	(17)	(93)
Margin calls	7	1
Net cash from operating activities	294	253
Net cash used by investing activities	(82)	(125)
Net cash from/(used by) financing activities	(10)	54
Impact of exchange rate fluctuations	35	(11)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**237**	**171**

Net cash from operating activities

Net cash from operating activities totaled €253 million for the half-year ended June 30, 2011, compared to €294 million for the half-year ended June 30, 2010.

This change is the result of an increase in net cash from operating activities before change in working capital, from €304 million for the half-year ended June 30, 2010 to €345 million for the half-year ended June 30, 2011, offset by the change in working capital (defined as the change in trade and other receivables, plus the change in inventory, less the change in trade and other payables, plus the change in other current assets and liabilities).

For the half-year ended June 30, 2011, the change in working capital represented a cash use of €(93) million, largely generated by business growth.

Net cash used by investing activities

Net cash in the amount of €(125) million was used by investing activities for the half-year ended June 30, 2011, while net cash in the amount of €(82) million was used in the same period in 2010.

This €(43) million increase in resources dedicated to investing activities reflected the Group's internal growth strategy.

Net cash from/(used by) financing activities

Net cash in the amount of €54 million was generated by financing activities for the half-year ended June 30, 2011, while net cash in the amount of €(10) million was used by financing activities for the half-year ended June 30, 2010.

The net cash generated by the refinancing activities described in section 1.3.2.3 below had no significant impact on the first half of 2011.

1.3.2.3 Financing arrangements and cash resources

Rhodia's financing arrangements

The refinancing transactions carried out in 2010 extended the Group's debt maturity (average term of 5 years as of June 30, 2011), which reinforces Rhodia's control over its medium-term liquidity.

Rhodia's bond debt as of June 30, 2011 consisted primarily of:

- 2013 *Floating Rate Notes* for a nominal amount of €229 million maturing on October 15, 2013;
- OCEANE bonds for a nominal amount of €595 million maturing on January 1, 2014;
- 2018 *Senior Notes* for a nominal amount of €500 million maturing on May 15, 2018;
- 2020 *Senior Notes* for a nominal amount of €400 million maturing on September 15, 2020.

Cash resources

Rhodia had €953 million in cash and cash equivalents as of June 30, 2011, compared to €782 million as of December 31, 2010.

Rhodia also had €9 million in other liquid current financial assets as of June 30, 2011, compared to €8 million as of December 31, 2010.

The Rhodia Group had also an unused syndicated credit line of €555 million as of June 30, 2010. This syndicated credit line includes an early repayment clause for the amounts loaned at the option of a majority of lenders in the event of a change in control of the Company.

The Group's cash resources as of June 30, 2011 thus amounted to €1,517 million, compared to €1,324 million as of December 31, 2010.

1.3.3 Post-closing events

On July 21, 2011, Rhodia has announced it has executed definitive agreements for the sale to Novacap of its salicylic and acetaminophen activities (see Note 9 to the condensed consolidated financial statements).

1.4 OUTLOOK

Global economic growth should continue to be driven by sustained demand in fast-growing countries. Rhodia should therefore continue to benefit both from its strong exposure to high-growth economies and its business portfolio which is well-suited to global market mega trends.

Going forward, business dynamics should remain satisfactory though reflecting the usual summer seasonality effects.

Furthermore, in a context of high raw material and energy costs, the Group confirms its ability to favorably manage selling prices.

Under current conditions, Rhodia reiterates its guidance for full year Recurring EBITDA to exceed €1 billion, on track with its 2013-2015 profitable growth ambition.

1.5 TRANSACTIONS WITH RELATED PARTIES

The nature of transactions with related parties has not changed materially during the half-year ended June 30, 2011, as compared to those mentioned in Note 33 to the Consolidated financial statements for the year ended December 31, 2010, presented in the Company's 2010 Registration 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.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2011

A. Consolidated statement of income 21

B. Consolidated statement of comprehensive income 22

C. Consolidated balance sheet 23

D. Consolidated statement of cash flows 25

E. Consolidated statement of changes in equity 26

F. Notes to the condensed consolidated financial statements 27

1. **General information** 27
2. **Significant events** 27
3. **Principal accounting methods** 27
4. **Seasonality effects** 29
5. **Segment information** 29
6. **Other operating income and expenses** 32
7. **Profit/(loss) from financial items** 33
8. **Income tax** 33
9. **Assets held for sale and associated liabilities** 34
10. **Goodwill** 35
11. **Cash and cash equivalents** 35
12. **Equity** 36
13. **Borrowings** 37
14. **Financial risk management** 38
15. **Retirement benefits and similar obligations** 39
16. **Environmental provisions** 39
17. **Claims and litigation** 39
18. **Share-based payment** 40
19. **Subsequent events** 40

A. Consolidated statement of income

(in millions of euros)	Note	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
		2011*	**2010***	**2011**	**2010**	**2010**
Net sales	5	**1,617**	**1,330**	**3,120**	**2,506**	**5,226**
Other revenue	5	77	72	187	203	383
Cost of sales		(1,283)	(1,084)	(2,508)	(2,091)	(4,335)
Administrative and selling expenses		(162)	(139)	(314)	(266)	(561)
Research and development expenditure		(21)	(22)	(43)	(40)	(82)
Restructuring costs		2	(2)	2	(10)	(5)
Other operating income	6	6	10	42	15	41
Other operating expenses	6	(18)	(19)	(25)	(31)	(65)
Operating profit	**5**	**218**	**146**	**461**	**286**	**602**
Finance income	7	29	26	57	50	103
Finance costs	7	(74)	(94)	(147)	(160)	(318)
Foreign exchange gains	7	5	5	6	5	8
Profit before income tax		**178**	**83**	**377**	**181**	**395**
Income tax expense	8	(62)	(37)	(107)	(65)	(128)
Profit from continuing operations	5	116	46	270	116	267
Profit/(loss) from discontinued operations		(1)	(2)	(2)	(3)	(5)
Net profit for the period		**115**	**44**	**268**	**113**	**262**
Attributable to:						
Equity holders of Rhodia S.A.		113	43	264	112	259
Non-controlling interests		2	1	4	1	3
Earnings per share (in euros)						
Continuing and discontinued operations						
- Basic		1.09	0.43	2.54	1.12	2.55
- Diluted		1.03	0.43	2.38	1.11	2.52
Continuing operations						
- Basic		1.09	0.45	2,55	1.15	2.60
- Diluted		1.03	0.45	2.39	1.14	2.57
Weighted average number of shares before dilution		*104,127,794*	*100,739,546*	*103,987,595*	*100,217,739*	*101,557,153*
Weighted average number of shares after dilution		*118,699,428*	*101,590,437*	*118,381,922*	*101,061,319*	*102,760,912*

** Unaudited*

B. Consolidated statement of comprehensive income

		Quarter ended June 30,		Half-year ended June 30,		For the year ended December 31,
(in millions of euros)	**Note**	**2011***	**2010***	**2011**	**2010**	**2010**
Net profit for the period		**115**	**44**	**268**	**113**	**262**
Currency translation differences and other movements	12	10	69	(45)	134	103
Gains/(losses) arising from cash flow hedges of commodities		19	(12)	(3)	(18)	(12)
Gains/(losses) arising from cash flow hedges of interest rates		(2)	13	1	6	17
Gains/(losses) arising from cash flow hedges of foreign currency portfolios		(2)	(25)	9	(42)	(17)
Deferred tax on cash flow hedges		1	5	1	7	2
Actuarial gains/(losses) from retirement benefits and similar obligations	15	(31)	(26)	15	(67)	39
Deferred tax on actuarial gains/(losses)		1	11	-	11	3
Other comprehensive income		**(4)**	**35**	**(22)**	**31**	**135**
Total comprehensive income for the period		**111**	**79**	**246**	**144**	**397**
Attributable to:						
Equity holders of Rhodia S.A.		109	77	242	140	391
Non-controlling interests		2	2	4	4	6

** Unaudited*

C. Consolidated balance sheet

Assets

(in millions of euros)	**Note**	**At June 30, 2011**	**At December 31, 2010**
Property, plant and equipment		1,548	1,560
Goodwill	10	394	420
Other intangible assets		321	328
Investments in associates		12	12
Other non-current financial assets		182	135
Deferred tax assets		150	168
Non-current assets		**2,607**	**2,623**
Inventories		801	627
Income tax receivable		13	29
Trade and other receivables		954	910
Derivative financial instruments		98	90
Other current financial assets		18	34
Cash and cash equivalents	11	953	782
Assets classified as held for sale	9	36	36
Current assets		**2,873**	**2,508**
TOTAL ASSETS		**5,480**	**5,131**

Equity / (deficit) and liabilities

(in millions of euros)	Note	At June 31, 2011	At December 31, 2010
Share capital	12	106	105
Additional paid-in capital	12	1,332	1,290
Other reserves	12	263	303
Accumulated deficit	12	(1,774)	(2,006)
Equity/(deficit) attributable to equity holders of Rhodia S.A.		**(73)**	**(308)**
Non-controlling interests		23	20
Total equity / (deficit)		**(50)**	**(288)**
Borrowings	13	1,670	1,672
Retirement benefits and similar obligations	15	1,371	1,419
Provisions		310	425
Deferred tax liabilities		69	62
Other non-current liabilities		88	27
Non-current liabilities		**3,508**	**3,605**
Borrowings	13	386	338
Derivative financial instruments		75	94
Retirement benefits and similar obligations	15	89	91
Provisions		176	132
Income tax payable		35	40
Trade and other payables		1,255	1,113
Liabilities associated with assets classified as held for sale	9	6	6
Current liabilities		**2,022**	**1,814**
TOTAL EQUITY / (DEFICIT) AND LIABILITIES		**5,480**	**5,131**

D. Consolidated statement of cash flows

(in millions of euros)	For the half-year ended June 30,		For the year ended December 31,
	2011	**2010**	**2010**
Net profit for the period attributable to equity holders of Rhodia S.A.	**264**	**112**	**259**
Adjustments for:			
Non-controlling interests	4	1	3
Depreciation and impairment of non-current assets	138	139	277
Net increase/(decrease) in provisions	(72)	-	(24)
Impairment of non-current financial assets	(1)	1	3
Other income and expenses	24	28	63
(Gain)/loss on disposal of non-current assets	(28)	(6)	(9)
Deferred tax expense/(income)	23	16	26
Foreign exchange losses/(gains)	(7)	13	4
Net cash flow from operating activities before changes in working capital	**345**	**304**	**602**
Changes in working capital			
- (Increase)/decrease in inventories	(194)	(56)	(111)
- (Increase)/decrease in trade receivables	(74)	(105)	(83)
- Increase/(decrease) in trade payables	154	107	65
- Increase/(decrease) in other current assets and liabilities	21	37	21
Net cash flow from operating activities before margin calls	**252**	**287**	**494**
Margin calls (1)	1	7	9
Net cash flow from operating activities	**253**	**294**	**503**
Purchases of property, plant and equipment	(135)	(83)	(234)
Purchases of other non-current assets	(17)	(17)	(36)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	25	6	8
Purchases of entities, net of cash acquired	(11)	(1)	(276)
(Purchases)/repayments of loans and financial investments	13	13	56
Net cash flow used by investing activities	**(125)**	**(82)**	**(482)**
Proceeds from issued shares, net of costs	3	-	38
Treasury share purchase costs	(6)	-	-
Dividends paid	(12)	(20)	(19)
New non-current borrowings, net of costs	12	501	811
Repayments of non-current borrowings, net of costs	(70)	(513)	(822)
Net increase/(decrease) in current borrowings	127	22	36
Net cash flow from (used by) financing activities	**54**	**(10)**	**44**
Effect of foreign exchange rate changes	**(11)**	**35**	**26**
Net increase/(decrease) in cash and cash equivalents	**171**	**237**	**91**
Cash and cash equivalents at the beginning of the period	782	691	691
Cash and cash equivalents at the end of the period	953	928	782

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

E. Consolidated statement of changes in equity

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total**
At January 1, 2011	**105**	**1,290**	**(5)**	**256**	**58**	**(6)**	**(2,006)**	**(308)**	**20**	**(288)**
Dividends	1	40	-	-	-	-	(52)	**(11)**	(1)	**(12)**
Share capital increase	-	2	-	-	-	-	-	**2**	-	**2**
Total comprehensive income	-	-	7	(45)	-	-	280	**242**	4	**246**
Other changes (1)	-	-	-	-	-	(2)	4	**2**	-	**2**
At June 30, 2011	**106**	**1,332**	**2**	**211**	**58**	**(8)**	**(1,774)**	**(73)**	**23**	**(50)**

(1) Including free shares and stock options for €6.8 million.

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total**
At January 1, 2010	**1,213**	**138**	**7**	**156**	**58**	**(8)**	**(2,299)**	**(735)**	**16**	**(719)**
Dividends	-	6	-	-	-	-	(25)	**(19)**	(1)	**(20)**
Share capital increase / (decrease)	(1,112)	1,112	-	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	(54)	131	-	-	63	**140**	4	**144**
Other changes (2)	-	-	-	-	-	2	-	**2**	-	**2**
At June 30, 2010	**101**	**1,256**	**(47)**	**287**	**58**	**(6)**	**(2,261)**	**(612)**	**19**	**(593)**

(2) Including free shares and stock options for €3.9 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 27, 2011 by the Board of Directors.

2. Significant events

On April 6, 2011, Solvay filed a tender offer with the AMF covering:

- All Rhodia shares issued or likely to be issued, at a unit price of €31.60 (2010 ex dividend), and
- All bonds convertible into and/or exchangeable for new or existing shares (OCEANEs) issued by Rhodia, at a unit price of €52.30.

Solvay's planned tender offer was deemed compliant with article 231-23 of the French Financial Markets Authority's general regulations. Pursuant to this decision, the draft prospectus of the originator was formally approved, under authorization no.11-148 on May 10, 2011. The AMF also approved Rhodia's draft response memorandum to the prospectus under authorization no.11-149 dated May 10, 2011.

The tender was opened on June 15, 2011. The AMF will publish the tender closing dates following the authorization of the European competition authorities. The European Commission was notified on June 30, 2011.

Solvay will not pursue the tender if the number of shares transferred does not provide at least 50% of Rhodia's share capital and voting rights, plus one share, on a fully diluted basis at the tender's closing. Under this scenario, the tender would not be reopened, pursuant to article 232-4 of the AMF general regulations.

Assuming that the minority shareholders of Rhodia do not represent, following this tender offer, more than 5% of the outstanding capital or voting rights of Rhodia, Solvay may request the AMF, within three months of the end of the tender offer period, that a squeeze-out be implemented to cause the transfer to Solvay of the Rhodia shares which have not been tendered into the tender offer.

For a detailed description of the tender and its terms and conditions, please refer to the prospectus of Solvay and the response memorandum of Rhodia, available at the AMF website (www.amf-france.org).

The hypothetical acquisition of Rhodia by Solvay had no impact on the condensed consolidated financial statements for the period ended June 30, 2011 and specifically on the accounting treatment of the indebtedness.

3. Principal accounting methods

3.1 Accounting standards

Rhodia prepared 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 conjunction with the consolidated financial statements for the year ended December 31, 2010, as included in the Registration Document filed by Rhodia with the AMF on March 23, 2011.

3.2 Basis of preparation for the condensed consolidated financial statements

The condensed consolidated financial statements for the half-year ended June 30, 2011 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2010.

The standards, interpretations and amendments adopted by the European Union at June 30, 2011 and their mandatory adoption in 2011 had no impact on the condensed consolidated financial statements for the half-year ended June 30, 2011.

In addition, according to the Group, the 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 to the nearest million unless otherwise indicated.

3.3 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, 2010, except with respect to the following:

- **Income tax expense**

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

- **Retirement benefits and similar obligations**

For interim period-ends, retirement benefits and similar obligations are calculated 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

4. Seasonality effects

The Group's activity and operating results for the half-year ended June 30, 2011 were not of a seasonal or cyclical nature compared to the activity and operating results for the entire year.

5. Segment information

The following information concerns continuing operations.

On October 4, 2010, Rhodia announced its reorganization into 11 new operating segments, grouped within 5 clusters, in order to support the Group's growth. This new organization was reflected in internal reporting as from January 1, 2011.

Rhodia's five clusters are as follows:

Consumer Chemicals primarily serves the consumer products markets. Its strategy is based on the development of an offering suited to the major trends of these markets, particularly demographic growth, the appearance of new modes of consumption depending on the regions and, in general, the demand for products offering better protection of human health and the environment and the development of products from renewable resources.

Advanced Materials are intended for high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this Business Cluster, greater than the organic growth of the markets served, is driven by the stakes tied to sustainable development.

Polyamide Materials brings together the polyamide chain activities. Their advantages stem from the integrated polyamide 6.6 production line, their leading position in the most profitable sectors and excellent competitiveness. The automobile industry is one of their major markets with solutions responding to the stakes of sustainable mobility.

Acetow & Eco Services operate in very specific, mature and stable markets, where partnerships with customers are built on reliability, quality of service and dependable supply.

Energy Services relies on its expertise in energy optimization and the reduction of CO_2 emissions to develop "Climate Care" solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the quarter ended June 30, 2011*							
Net sales	625	217	475	214	58	35	**1,624**
Other revenue	5	2	17	3	76	10	**113**
Inter-company sales – Net sales	(1)	(2)	(3)	-	-	(1)	**(7)**
Inter-company sales – Other revenue	-	-	(3)	(1)	(31)	(1)	**(36)**
External net sales	**624**	**215**	**472**	**214**	**58**	**34**	1,617
External other revenue	5	2	14	2	45	9	**77**
Operating profit/(loss)	**82**	**62**	**41**	**41**	**42**	**(50)**	**218**
Profit/(loss) from financial items							**(40)**
Income tax expense							**(62)**
Profit from continuing operations							**116**
Recurring EBITDA (1)	**100**	**71**	**62**	**53**	**47**	**(36)**	**297**

** Unaudited*

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the quarter ended June 30, 2010*							
Net sales	497	132	430	201	38	37	**1,335**
Other revenue	6	1	22	3	68	9	**109**
Inter-company sales – Net sales	(1)	(1)	(1)	-	-	(2)	**(5)**
Inter-company sales – Other revenue	(1)	-	(2)	(1)	(30)	(3)	**(37)**
External net sales	**496**	**131**	**429**	**201**	**38**	**35**	**1,330**
External other revenue	5	1	20	2	38	6	**72**
Operating profit/(loss)	**66**	**19**	**44**	**31**	**30**	**(44)**	**146**
Profit/(loss) from financial items							**(63)**
Income tax expense							**(37)**
Profit from continuing operations							**46**
Recurring EBITDA (1)	**82**	**28**	**62**	**48**	**29**	**(23)**	**226**

** Unaudited*

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

(2) “Corporate & Other” mainly corresponds to the Salicylic 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 clusters 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 mainly relating to the environment and disposal gains and losses (see Note 6).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the half-year ended June 30, 2011							
Net sales	1,210	401	917	421	114	75	**3,138**
Other revenue	11	3	40	7	190	17	**268**
Inter-company sales – Net sales	(2)	(4)	(5)	-	-	(7)	**(18)**
Inter-company sales – Other revenue	-	-	(4)	(2)	(72)	(3)	**(81)**
External net sales	**1,208**	**397**	**912**	**421**	**114**	**68**	**3,120**
External other revenue	11	3	36	5	118	14	**187**
Operating profit/(loss)	**160**	**108**	**89**	**76**	**86**	**(58)**	**461**
Profit/(loss) from financial items							**(84)**
Income tax expense							**(107)**
Profit from continuing operations							**270**
Recurring EBITDA (1)	**192**	**124**	**130**	**99**	**94**	**(59)**	**580**

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the half-year ended June 30, 2010							
Net sales	918	250	816	379	83	68	**2,514**
Other revenue	12	2	51	7	201	15	**288**
Inter-company sales – Net sales	(2)	(1)	(3)	-	-	(2)	**(8)**
Inter-company sales – Other revenue	(3)		(6)	(2)	(72)	(2)	**(85)**
External net sales	**916**	**249**	**813**	**379**	**83**	**66**	**2,506**
External other revenue	9	2	45	5	129	13	**203**
Operating profit/(loss)	**115**	**36**	**79**	**57**	**78**	**(79)**	**286**
Profit/(loss) from financial items							**(105)**
Income tax expense							**(65)**
Profit from continuing operations							**116**
Recurring EBITDA (1)	**145**	**52**	**118**	**92**	**80**	**(40)**	**447**

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

(2) "Corporate & Other" mainly corresponds to the Salicylic 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 clusters 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 mainly relating to the environment and disposal gains and losses (see Note 6).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the year ended December 31, 2010							
Net sales	1,883	539	1,701	790	203	128	**5,244**
Other revenue	25	4	102	15	389	28	**563**
Inter-company sales – Net sales	(4)	(4)	(9)	-	-	(1)	**(18)**
Inter-company sales – Other revenue	(6)	-	(12)	(3)	(157)	(2)	**(180)**
External net sales	**1,879**	**535**	**1,692**	**790**	**203**	**127**	**5,226**
External other revenue	19	4	90	12	232	26	**383**
Operating profit/(loss)	**222**	**82**	**174**	**129**	**171**	**(176)**	**602**
Profit/(loss) from financial items							**(207)**
Income tax expense							**(128)**
Profit from continuing operations							**267**
Recurring EBITDA (1)	**276**	**114**	**253**	**188**	**179**	**(105)**	**905**

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

(2) "Corporate & Other" mainly corresponds to the Salicylic 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 clusters 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 mainly relating to the environment and disposal gains and losses (see Note 6).

6. Other operating income and expenses

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,		Year ended December 31,
	2011*	**2010***	**2011**	**2010**	**2010**
Gains on disposals of non-current assets	1	3	30	5	11
Other operating income	5	7	12	10	30
Other operating income	**6**	**10**	**42**	**15**	**41**
Losses on disposals of non-current assets	-	-	-	-	(1)
Environmental expenses	(8)	(11)	(13)	(16)	(35)
Other operating expenses	(10)	(8)	(12)	(15)	(29)
Other operating expenses	**(18)**	**(19)**	**(25)**	**(31)**	**(65)**

** Unaudited*

In the first half of 2011, the disposal gains mainly comprised the proceed on disposal of Rhodia's minority interest in Novacap. The first half of 2010 was mainly impacted by the sale of the Mississauga site (Canada).

In the first half of 2011, other operating income mainly related to the final payment linked to the compensation received following Rhodia's eviction from the Wuxi site. This compensation was granted by the Wuxi municipality in 2008 and paid to Rhodia according to a pre-defined timetable until the eviction date. It was recorded in profit or loss as and when the payments were received. Other operating income also comprised the changes in fair value of derivatives not qualified as hedges for operating items, as was the case in the first half of 2010.

In the first half of 2011, other operating expenses mainly comprised the expenses related to Solvay's tender offer. They also comprise the expenses related to the Orbeo activities, these same items were noted in first half of 2010.

Environmental expenses are analyzed in Note 16.

7. Profit/(loss) from financial items

	Quarter ended June 30,		**Half-year ended June 30,**		**Year ended December 31,**
(in millions of euros)	**2011 ***	**2010 ***	**2011**	**2010**	**2010**
Gross interest expense on borrowings	(31)	(27)	(62)	(54)	(114)
Income from cash equivalents	5	5	11	8	19
Expenses on financial transactions	(2)	(28)	(6)	(31)	(49)
Discounting effects	(40)	(38)	(77)	(74)	(152)
Expected return on pension plan assets	21	20	41	39	79
Foreign exchange gains	5	5	6	5	8
Proceeds from disposal of available-for-sale financial assets	1	-	1	1	2
Other	1	-	2	1	-
Profit/(loss) from financial items	**(40)**	**(63)**	**(84)**	**(105)**	**(207)**
Of which:					
Finance costs	*(74)*	*(94)*	*(147)*	*(160)*	*(318)*
Finance income	*29*	*26*	*57*	*50*	*103*
Foreign exchange gains	*5*	*5*	*6*	*5*	*8*

** Unaudited*

Income and expenses on financial transactions as of June 30, 2010 included €(24) million relating to the partial redemption of the 2013 Floating Rate Notes, including €(17) million related to the derecognition of a portion of the interest rate hedge swaps.

8. Income tax

For the half-year ended June 30, 2011, the income tax expense amounted to €(107) million (compared to €(65) million for the half-year ended June 30, 2010), for an income from continuing operations before tax of €377 million (compared to €181 million for the half-year ended June 30, 2010).

(in millions of euros)	**Quarter ended June 30,**		**Half-year ended June 30,**		**Year ended December 31,**
	2011 *	**2010 ***	**2011**	**2010**	**2010**
Current income tax expense	(38)	(26)	(84)	(58)	(111)
Deferred tax expense	(24)	(11)	(23)	(7)	(17)
Income tax expense for the period	**(62)**	**(37)**	**(107)**	**(65)**	**(128)**

** Unaudited*

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

Management has not modified its estimate of the probability of recovering the deferred tax assets relating to the French and British tax groups. Thus, no new deferred tax asset was recorded for the half-year ended June 30, 2011.

9. Assets held for sale and associated liabilities

(in millions of euros)	**At June 30, 2011**	**At December 31, 2010**
Property, plant and equipment	16	17
Goodwill	1	1
Intangible assets	2	2
Inventories	15	13
Trade and other receivables	2	3
Assets classified as held for sale	**36**	**36**
Other non-current liabilities	2	2
Trade and other payables	4	4
Liabilities associated with assets classified as held for sale	**6**	**6**

Assets classified as held for sale and the associated liabilities mainly concern the disposal of the Salicylic businesses.

The divestment to Novacap was signed on July, 2011.

Salicylates, which are used as active ingredients in the pharmaceutical industry (aspirin, acetaminophen) or as synthesis intermediates (salicylic acid, methyl salicylate), represent the last pharmaceutical chemistry business remaining within the Group. The Group’s salicylic and acetaminophen activities, whose principal production sites are located in France (Saint-Fons, Roussillon), Thailand (Bangpoo), China (Wuxi) and Brazil (Paulinia), employ approximately 390 people.

The transaction should be finalized in the upcoming weeks, once the necessary authorizations required by law have been obtained.

Notes to the consolidated balance sheet

10. Goodwill

10.1 Cluster breakdown

(in millions of euros)	**At June 30, 2011**	**At December 31, 2010**
Consumer Chemicals	318	342
Advanced Materials	30	30
Polyamide Materials	10	9
Acetow & Eco Services	36	39
Total	**394**	**420**

The reorganization of Rhodia at January 1, 2011 did not result in any reallocation of goodwill.

10.2 Movements during the period

(in millions of euros)	**Gross value**	**Impairment**	**Net value**
At January 1, 2011	**440**	**(20)**	**420**
Currency translation differences	(26)	-	(26)
At June 30, 2011	**414**	**(20)**	**394**

On April 14, 2011, Rhodia completed the acquisition of the engineering plastics business of Indian company PI Industries Ltd (PIIL), after receiving approval from the country's authorities. Rhodia Polymers & Specialties India Private Ltd is the name of the legal entity created to host Rhodia's newly integrated assets, including one industrial facility based in Panoli (Gujarat state), R&D capabilities, as well as a logistics network in India. The goodwill generated by this acquisition amounted to €1 million.

In the first half of 2011, the goodwill regarding the acquisition of Feixiang Chemicals in November 2010 was adjusted, amounting to €178 million at June 30, 2011, after a conversion effect of the first half of 2011 in the amount of €(15) million.

11. Cash and cash equivalents

11.1 Analysis by type

(in millions of euros)	**At June 30, 2011**	**At December 31, 2010**
Cash in banks	191	178
Cash equivalents	762	604
Total	**953**	**782**

11.2 Consolidated statement of cash flows

In the first half of 2011, discontinued operations contributed to net cash flow used by operating activities in the amount of €(3) million. They did not contribute to net cash flow used by investing activities and financing activities.

Paid interest costs, net of interest received (including impact of interest rate hedging), totaled €44 million in the first half of 2011.

Income taxes paid totaled around €70 million in the first half of 2011.

12. Equity

12.1 Share capital and additional paid-in capital

At June 30, 2011, Rhodia's share capital totaled €106,266,636, comprising 106,266,636 shares, each with a par value of €1.

In the first half of 2011, the exercise of share subscription options resulted in the issue of 209,445 shares, and the option for the payment of dividends in shares led to the issue of 1,486,223 new shares.

12.2 Dividends

As decided by shareholders at the General Meeting on May 18, 2011, Rhodia S.A. paid out dividends totaling €52 million (€0.50 per share), with respect to the 2010 financial year.

12.3 Translation reserve

The €(45) million movement in the translation reserve for the half-year ended June 30, 2011 is primarily attributable to the appreciation of the euro against the US dollar and the Brazilian real.

12.4 Treasury shares

During the first half of 2011, Rhodia exercised treasury share purchase options for 1,010,000 shares.

Following the grant of free shares and stock options to the beneficiaries, the number of treasury shares amounts to 1,137,414 shares at June 30, 2011.

12.5 Other movements

During the first half of 2011, the Rhodia Board of Directors approved new free share allotment plans subject to conditions governing Rhodia's performance and the continued employment of the beneficiaries (see Note 18).

These plans were approved on February 22, 2011 and May 4, 2011, for respectively 224 beneficiaries (2 x 388,650 shares) and 11 beneficiaries (2 x 20,400 shares).

13. Borrowings

Breakdown of borrowings by type:

	At June 30, 2011				
(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	128	128	128	2012	4% - 15%
Securitization of receivables	214	214	214	2011	2.37%
Other debts	14	14	14	2011	0% - 9.5%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Accrued interest payable	15	15	15	-	-
Sub-total short term	**386**	**386**	**386**		
2006 EUR senior notes	227	229	229	10/15/2013	Euribor 3M + 2.75%
2010 EUR senior notes	492	500	587	05/15/2018	7%
2010 USD senior notes	272	277	308	09/15/2020	6.875%
OCEANE	585	642	641	01/01/2014	6.29%
Bilateral credit facilities	37	37	37	2012-2014	4% - 11%
Finance lease debts	4	4	4	2012-2019	3.56% - 11.25%
Other debts	53	53	53	2011-2018	<5%
Sub-total long term	**1,670**	**1,742**	**1,859**		
Total	**2,056**	**2,128**	**2,245**		

(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 including the redemption premium calculated as of June 30th with an actuarial rate of return identical to that which would have been obtained in the event of a repayment at maturity (redemption premium at maturity :13.22%)

(3) Senior notes and the OCEANE are measured on the last day of the period. The redemption value was adopted for other borrowings.

(4) Effective interest rate before impact of hedges.

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

In connection with the OCEANE bond tender offer filed on April 6, 2011, Solvay undertakes to acquire at a unit price of €52.30 all the 12,372,636 OCEANE bonds issued by Rhodia for a total amount of €647 million (see Note 2).

The OCEANE issue contract contains an early repayment clause at the bearers' initiative in the event of a change of control at a price that guarantees, on the effective date of repayment, an actuarial rate of return identical to that which would have been obtained in the event of a repayment at maturity.

The issue contract for the bonds maturing in October 2013 (Floating Rate Note) contains an early redemption clause at the bearers' initiative at a price equal to 101% of the principal plus accrued interest, in the event of a change of control of the Company. The clause is suspended if the Floating Rate Note is "Investment Grade" rated by the rating agencies S&P and Moody's.

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% - 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 value was adopted for other borrowings.

(4) Effective interest rate before impact of hedges.

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

14. Financial risk management

14.1 Liquidity risk management

At June, 2011, Rhodia's liquidity position amounted to €1,517 million, compared to €1,324 million at December 31, 2010. This liquidity position included an undrawn credit line of €555 million in connection with Rhodia's syndicated credit facility ("RCF").

The continuation of the RCF syndicated credit facility is subject to compliance with certain financial covenants which are tested on a half-yearly basis.

The syndicated credit line includes an early repayment clause for the amounts loaned at the option of a majority of lenders in the event of a change in control of the Company.

In addition, Rhodia has no significant short-term or non-renewable credit lines.

14.2 UCITS and financial instrument risk management

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

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 to or greater than A- and A1 respectively (June 30, 2011 ratings).

15. Retirement benefits and similar obligations

The retirement obligations and other long-term employee benefits amount to €1,460 million at June 30, 2011, compared to €1,510 million at December 31, 2010. The decrease is mainly explained by the change in discount rate in France, from 4.50% at December 31, 2010 to 4.75% at June 30, 2011.

In the first half of 2011, the actuarial gains and losses recognized in other comprehensive income amounted to €15 million, and correspond to a €26 million positive impact from changes in assumptions (discount rates) and a € (11) million negative effect resulting from the revaluation of UK plan assets.

16. Environmental provisions

At June 30, 2011, the discount rates used for the calculation of environmental provisions were the same as those used at December 31, 2010, as the change in rates would not have had any material impact.

At June 30, 2011, environmental provisions amounted to €270 million, compared to €271 million at December 31, 2010, mainly due to the discounting effect offset by the appreciation of euro.

At June 30, 2011, there were no significant movements in contingent environmental liabilities, estimated at €197 million at December 31, 2010.

17. Claims and litigation

During the half-year ended June 30, 2011, there were no new major legal disputes or significant developments in litigation existing at December 31, 2010.

18. Share-based payment

In the first half of 2011, the Board of Directors approved new free share allotment plans, subject to Group performance criteria and the continued employment of the beneficiaries. These plans are measured at fair value on the grant date and have the same performance criteria. They have the following characteristics:

		A Plans		B Plans	
		"2+2"	"4+0"	"2+2"	"4+0"
Plans granted February 24, 2011	Number of shares	274,350	114,300	274,350	114,300
	Number of beneficiaries	130	94	130	94
	Grant date	February 24, 2011			
	Vesting date	Minimum March 31, 2013	Minimum March 31, 2015	Minimum March 31, 2013	Minimum March 31, 2015
	Holding period	Minimum March 31, 2015	-	Minimum March 31, 2015	-
Plans granted May 13, 2011	Number of shares	17,100	3,300	17,100	3,300
	Number of beneficiaries	8	3	8	3
	Grant date	May 13, 2011			
	Vesting date	Minimum May 4, 2013	Minimum May 4, 2015	Minimum May 4, 2013	Minimum May 4, 2015
	Holding period	Minimum May 4, 2015	-	Minimum May 4, 2015	-
Validation of vesting conditions		Board of Directors			
Performance criteria		For the first half (50%) of shares assigned: % of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2011 For the second half (50%) of shares assigned: % of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2012		For the first half (50%) of shares assigned: 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 second half (50%) of shares assigned: Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2012, exceeding by 2 points the average ratio of a panel of competitors	

The share-based payment expense (IFRS 2) relating to all free share plans and stock options at June 30, 2011 totaled €6.8 million (€3.9 million at June 30, 2010), including €1.9 million for the new plans granted during the period, assuming the performance criteria will be met for all plans.

19. Subsequent events

On July 21, 2011, Rhodia has announced it has executed definitive agreements for the sale to Novacap of its salicylic and acetaminophen activities (see Note 9).

3. STATUTORY AUDITORS' REPORT ON THE FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED JUNE 30, 2011

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine cedex

KPMG Audit
Département de KMPG S.A.
1, cours Valmy
92923 Paris La Défense cedex

STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 HALF-YEAR FINANCIAL INFORMATION

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.

Rhodia S.A.
110, esplanade Charles de Gaulle
92400 Courbevoie

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' meeting and in accordance with the requirements of Article 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, for the six-month period ended June 30, 2011;
- 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. Our role is to express a conclusion on these financial statements based on our review.

1. 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-year financial information, the quarterly financial information for 2010 and 2011 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.

2. 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.

Neuilly-sur-Seine and Paris La Défense, July 28, 2011

The statutory auditors
French original signed by

PricewaterhouseCoopersAudit	**KPMG Audit** *Division of KPMG S.A.*
Stéphane Basset	Denis Marangé

4. PERSON RESPONSIBLE

4.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Mr. Jean-Pierre CLAMADIEU, Chairman and Chief Executive Officer.

4.2 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, 2011 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."

Mr. Jean-Pierre CLAMADIEU,
Chairman and Chief Executive Officer

RHODIASCOPE 2011

View our online annual report

www.rhodiascope.com

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

www.rhodia.com