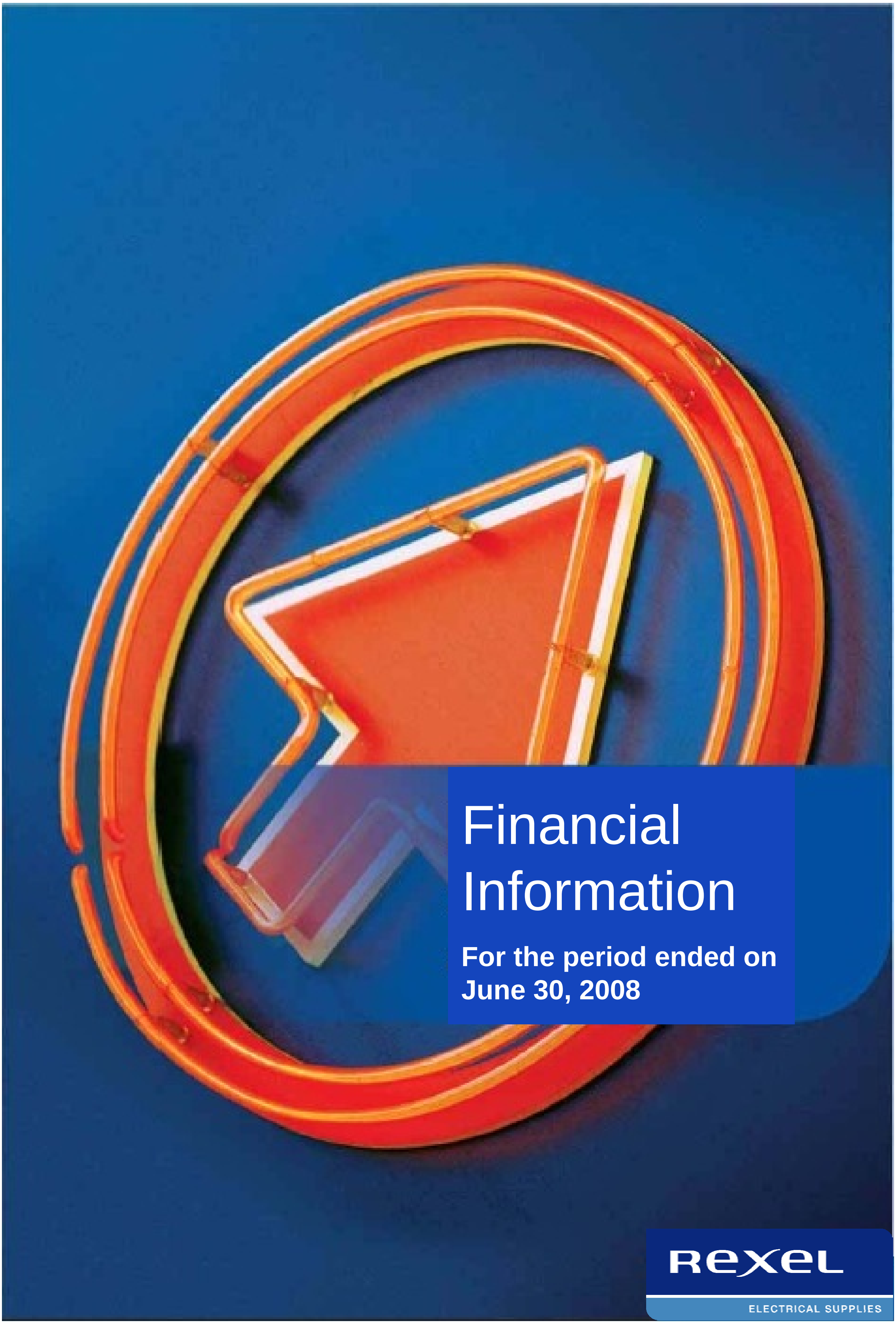

Financial Information

For the period ended on June 30, 2008

REXEL
ELECTRICAL SUPPLIES

Société anonyme à Directoire et Conseil de Surveillance
au capital social de 1 279 969 135 euros
Siège social : 189-193, boulevard Malesherbes
75017 Paris
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Financial information for the period ended June 30, 2008

I. Activity report

This document is a free translation into English of the activity report for the period ended June 30, 2008 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended June 30, 2008, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Organized in December 2004, Rexel is a holding company which acquired Rexel Distribution and its subsidiaries via Ray Acquisition S.C.A., its direct subsidiary, on March 16, 2005. Rexel shares have been listed on the Eurolist market of Euronext Paris since April 4, 2007.

Following the tender offer in The Netherlands, ended on March 25, 2008 and initiated in connection with the agreement entered into on November 22, 2007 between Rexel, Sonepar, and Hagemeyer, Rexel acquired control of Hagemeyer N.V., a Netherlands based company operating as a worldwide distributor of electrical supplies.

Concurrently, Rexel entered into agreements with Sonepar regarding the transfer to Sonepar of the businesses of Hagemeyer (other than those of its Agencies / Consumer Electronics ("ACE") segment) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China, and Southeast Asia (Malaysia, Thailand and Singapore), as well as of six branches located in Germany (the "Sonepar Entities"). In addition, Rexel committed itself to transfer to Sonepar its current business in Germany and Sonepar committed itself to transfer to Rexel its current business in Sweden. As at June 30, 2008, all of these operations were completed.

The retained Hagemeyer entities were consolidated from March 31, 2008. As a consequence, the assets and liabilities of these entities are included in the Group consolidated balance sheet while their revenues, costs and cash flows are included in the consolidated income statement and cash flow statement only since the second quarter. The former business of the Group in Germany, transferred to Sonepar in the second quarter, has been excluded from the scope of consolidation since March 31, 2008. The business acquired from Sonepar in Sweden will only be consolidated from July 1st, 2008. In addition, a pro forma income statement is disclosed in section 1.3 in order to reflect the effect of these transactions as if they had occurred on January 1st, 2008. This pro forma income statement also reflects the effect of the disposal of the electrical distribution business of Hagemeyer in Ireland because of Rexel's commitment to the European competition authorities to such disposal.

Numbers and percentages in this document may be calculated on the basis of numbers expressed in thousands of euros, or other currencies, and accordingly, may differ from the numbers and percentages calculated on the basis of the numbers presented.

1.1 | Financial Situation of the Group

1.1.1 | Group Overview

The Group believes to be a worldwide leader in the professional distribution of low and ultra-low voltage electrical products based on sales and number of branches. The Group's business is organized around the three main geographic areas in which it operates: Europe, North America, and the Asia-Pacific zone. This geographic segmentation was determined on the basis of long-term economic trends, market characteristics, technical standards, products and suppliers operating in the countries within each geographic zone, as well as the proximity of markets. Operations deemed of lower materiality relative to the Group's operations as a whole and non-core operations are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overhead expenses.

In the first half of 2008, the Group recorded consolidated sales of €5,990.9 million, of which €3,249.2 million were generated in Europe (54% of sales), €2,140.6 million in North America (36% of sales), €448.4 million in the Asia-Pacific zone (7% of sales), and €152.7 million related to Other Operations (3% of sales).

The Europe zone consists of France (which accounts for approximately 38% of Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Sweden, Italy, Belgium, Spain, and Portugal, as well as several Central European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland and Russia). Following the acquisition of Hagemeyer, the Europe zone also includes Finland, Norway and the Baltic States.

The North America zone consists of the United States and Canada. The United States represents approximately 78% of the Group's consolidated sales in this zone and Canada the remaining 22%.

The Asia-Pacific zone consists of Australia, New Zealand and China, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 70% of the Group's consolidated sales in this zone and New Zealand close to 15%.

The Other Operations segment includes ACE, the Agencies / Consumer Electronics segment acquired from Hagemeyer from the beginning of the second quarter of 2008, which represented 3.5% of the Group's sales in this quarter, Chile, which represented less than 0.5% of the Group's sales in the second quarter of 2008 and certain businesses managed at Group level (Bizline, Citadel and Conectis). Unallocated corporate overhead (mainly occupancy and personnel costs of the Paris headquarters) are also included in this segment, as well as elimination of inter-segments operations.

The analysis below covers the Group's sales, gross profit, distribution and administrative expenses and operating income before other income and other expenses (EBITA) separately for each of the three geographic segments, as well as the Other Operations segment.

1.1.2 | Seasonality

Notwithstanding the relatively low degree of seasonality within the Group's sales, there is seasonality in cash flows due to variations in working capital requirements, with, generally, a weaker first quarter, comparable second and third quarters, and a stronger fourth quarter.

1.1.3 | Effects of the evolution of copper price

The Group is indirectly exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables accounted for approximately 20% of the Group's sales, and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cables prices also depend on suppliers' commercial policies and on the competitive environment in the Group's markets. Changes in copper price have an estimated so-called "recurring" effect and an estimated so called "non-recurring" effect on the Group's performance:

- The recurring effect related to the change in copper-based cables price corresponds to the change in value of the copper part included in the selling price of cables from one period to another. This effect mainly relates to sales;

- The non-recurring effect related to the change in copper-based cables price corresponds to the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit), offset, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit and has an effect on EBITA).

1.1.4 | Comparability of the Group's operating results

The Group has undertaken a number of acquisitions and disposals, and exchange rates may fluctuate significantly. Additionally, the number of working days in each period has an impact on the Group's consolidated sales. Finally, changes in copper price have an impact on Group's financial performance. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results below, financial information is also presented restated for the following adjustments.

Exclude the effects of acquisitions and disposals

The Group restates results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of its acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding year, assuming that the preceding year would have had the same scope of consolidation for the same period as the current year.

In the year 2007, the Group acquired NCA (Australia), APPRO 5 (France), Clearlight Electrical (United-Kingdom), Tri-Valley Electric Supply (United States), Boutet (Belgium), EIW (Australia) as well as 51% of Huazhang Electric Automation (China). The total amount of such investments was €116.8 million for the year 2007 including prices adjustments on previous acquisitions. This amount is the price paid for the shares or assets acquired reduced by the acquired cash. In the same period, the Group disposed of the activity of the company Kontakt Systeme in Switzerland, deemed non-core, for an amount of €4.9 million.

In the first half of 2008, the Group acquired Beacon Electric Supply company, an electrical supplies distributor in the area of San Diego in the United States, and the business of the ABK Electrical Wholesale Pty.Ltd company, an electrical supplies distributor in Australia. These acquisitions amounted to €17.5 million.

In 2008, the Group also acquired Hagemeyer in an offering that ended on March 25, 2008. As of June 30, 2008, Rexel owned 98.81% of the outstanding shares and all of the convertible bonds outstanding for an amount of approximately €3.1 billion through its subsidiary Kelium. The transfer of the agreed activities to Sonepar was completed in June for an amount of approximately €1.6 billion. In addition, Rexel transferred to Sonepar its activities in Germany for an amount of €177 million and acquired from Sonepar its activities in Sweden for an amount of €87 million. In total, the assets sale to and assets swap with Sonepar resulted for Rexel in a reduction of its net debt of approximately €1.7 billion.

Exclude the effects of fluctuations in exchange rates

Fluctuations in currency rates against the euro affect the euro value of the Group's sales, expenses and other balance sheet items as well as the income statement. Nonetheless, the Group has a relatively low exposure to the transaction risk of dealing in different currencies, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group compares its historical figures for the current year against the same period of the prior year figures, using for these figures the same euro exchange rates as in the current year.

Exclude the non-recurring effect related to changes in copper price

For the analysis of financial performance on a constant and Adjusted basis, the estimated non-recurring effect related to changes in copper-based cables price, as described in paragraph 1.1.3 – "Effects of the evolution of copper price" here above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "Adjusted" in the rest of this document.

Exclude the effects of different numbers of working days in each period to analyze sales

The Group's sales in a given period compared to another period are affected by the number of working days, which changes between periods. In the analysis of its consolidated sales, the Group neutralizes the effect of different numbers of working days between the two periods presented by comparing its historical figures for each month in the current year against the prior year figures, adjusted proportionally to the number of working days during the current year. This analysis by number of working days is not deemed relevant to the Group's other consolidated income statement items.

Exclude the effect of the amortization of the intangible assets recognized in preliminary allocation of the purchase price of Hagemeyer

Since the acquisition of Hagemeyer and in order to make the information comparable to the one of the previous periods, the amortization of the intangible assets recognized in the purchase price of Hagemeyer allocation is excluded from the Adjusted figures. This restatement takes effect after the completion of the Hagemeyer Offer, i.e. from the second half of 2008 onward. This restatement has an effect on EBITA only, as defined below, which is then referred to as "Adjusted EBITA".

Accordingly, in the following discussion of the Group's consolidated results, the following information may be provided for comparison purpose:

- On a constant basis, meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison on sales and headcounts;

- On a constant basis and same number of working days, meaning on a constant basis and restated for the effect of different numbers of working days in each period. Such information is used only for comparison related to sales;

- On a constant basis, Adjusted, meaning on a constant basis and adjusted for the two following elements:

    - the estimated non-recurring effect related to changes in copper-based cable price ;

    - the amortization of the intangible assets recognized in the allocation of the purchase price of Hagemeyer.

  Such information is used for comparison related to gross profit, distribution and administrative expenses and EBITA.

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above.

EBITA is used to monitor the Group's performance. EBITA is defined as operating income before other income and expenses and is not an accepted accounting measure under IFRS. The table below sets out the reconciliation from actual operating income to Adjusted EBITA on a constant basis:

	Quarter ended June 30,		Half-year ended June 30,	
(in millions of euros)	2008	2007	2008	2007
Operating income	282.2	152.9	412.8	296.8
(-) Other income and expenses	(89.7)	29.9	(77.8)	31.2
EBITA	**192.5**	**182.8**	**335.0**	**328.0**
External growth	-	22.9	-	24.9
Foreign exchange effect	-	(9.8)	-	(14.6)
Non recurring effect related to copper	(6.7)	(19.8)	(2.8)	(8.8)
Amortization of intangible assets recognized in the allocation of the purchase price of Hagemeyer	3.0	3.0	3.0	3.0
Adjusted EBITA on a constant basis	**188.8**	**179.1**	**335.2**	**332.5**

1.2 | Comparison of the financial results as at June 30, 2008 and June 30, 2007

In the first half of 2008, Rexel posted a robust EBITA margin and a strong cash flow generation.

Sales grew by 2.3% on a constant basis and same number of working days compared to the first half of 2007 to €5,990.9 million. With activity slowing down in the construction end-market in the United-States and some European countries, sales growth in the second quarter (+1.7% vs. the second quarter of 2007) was slower than in the first quarter (+3.1% vs. the first quarter of 2007), in line with Rexel's expectations. In the first half of 2008, Adjusted operating income before other income and other expenses (Adjusted EBITA) reached €335.2 million or 5.6% of sales. This compares with €316.5 million in the first half of 2007 on a constant basis or 5.4% of sales, excluding the €16 million favorable non-recurring items of the first quarter 2007 previously announced. Excluding this effect, Adjusted EBITA grew by 5.9% and Adjusted EBITA margin improved by 20 basis points. In the second quarter of 2008, EBITA increased by 5.4% and EBITA margin improved by 10 basis points to 5.4% of sales.

Also, free cash flow, after net investments and before interests and taxes paid, reached €358.1 million thanks to a high level of EBITDA, a further reduction of working capital requirements and a net capital expenditure inflow of €16.9 million following the €62.9 million sale and partial lease back of 7 regional distribution centers in France.

Finally, net income was €259.4 million in the first half of 2008 compared to €19.0 million in the first half of 2007, the latter being impacted by IPO-related costs. Excluding those costs as well as the residual part recognized in 2008, net income was still up 84.6% compared to 2007, mainly due to a €107.5 million capital gain on the disposal to Sonepar of Rexel's historical business in Germany.

All geographic zones posted organic sales growth in the first half of 2008: Europe, North America and the Asia-Pacific zone, representing 54%, 36% and 7% of consolidated sales respectively, posted 2.3%, 0.5% and 8.5% sales growth respectively on a constant basis and same number of working days. In the second quarter of 2008, the organic sales evolution was +1.4% in Europe, -0.2% in North America and +8.7% in Asia-Pacific on a constant basis and same number of working days.

Rexel's activities in the industrial and commercial end-markets expanded in the first half of 2008 in Europe while residential construction was down in key countries such as the United-Kingdom, France and Spain. In North America, the downturn in residential and residential-related commercial construction continued while most other commercial construction segments weakened in the second quarter of 2008. Industrial end-markets remained strong in North America, particularly in the Oil & Gas and mining sectors. In Asia-Pacific, growth was sustained in the commercial and industrial end-markets while residential construction posted positive trends in Australia.

Rexel pursued the implementation of its gross margin levers: development of customer services, improvement of pricing structures, suppliers' concentration and purchasing synergies. On a constant basis, Adjusted gross margin thus increased by 20 basis points excluding the favorable non-recurring effects of the first quarter of 2007.

In a challenging economic environment, Rexel also focused on adapting its cost base. Cost adaptation measures were implemented throughout the period in North America and Europe to offset the slowing economy: at June 30, 2008, headcount was down 1.6% at Group level compared to December 31, 2007 on a constant basis, of which down 3.1% in North America and down 1.4% in Europe. Cost synergies between Rexel and Hagemeyer, notably relating to back-office, started to kick in according to plan.

These actions resulted in an increase of Adjusted distribution and administrative expenses limited to 2.5% in the first half of 2008 compared to the first half of 2007 on a constant basis.

In the first half of 2008, Rexel carried on the reduction of working capital requirements as a percentage of sales, down to 12.5% on June 30, 2008, compared to 13.3% on June 30, 2007 on a constant basis. Working capital requirement as at June 30, 2008 included a 30 basis points positive effect of non recurring items related to the Hagemeyer transaction.

Last, net debt declined to €3,147.0 million at June 30, 2008 from €4,764.4 million at March 31, 2008, reflecting the favorable effect of the Hagemeyer asset sales and swap implemented ahead of schedule, as well as the strong cash flow of the second quarter of 2008. At June 30, 2008, the leverage ratio calculated as per the new Senior Credit Agreement (net debt to last-twelve-month EBITDA, see 2.2) stood at 3.63, well below the covenant threshold of 4.90.

1.2.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first halves and second quarters of 2008 and 2007, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	3,474.7	2,728.6	27.3%	5,990.9	5,304.8	12.9%
Gross profit	841.0	676.5	24.3%	1,468.1	1,314.8	11.7%
Distribution and administrative expenses(1)	(648.5)	(493.7)	31.4%	(1,133.1)	(986.8)	14.8%
EBITA(2)	192.5	182.8	5.3%	335.0	328.0	2.1%
Other income and expenses	89.7	(29.9)	-	77.8	(31.2)	-
Operating income	282.2	152.9	-	412.8	296.8	-
Financial expenses	(43.0)	(192.4)	-	(83.0)	(263.2)	-
Income tax	(42.3)	9.4	-	(70.4)	(14.6)	-
Net income	196.9	(30.1)	-	259.4	19.0	-
as a % of sales	*5.7%*	*(1.1)%*		*4.3%*	*0.4%*	

(1) Including depreciation	(28.0)	(17.3)	61.8%	(46.1)	(34.1)	35.2%
(2) EBITA = Operating income before other income and other expenses.						

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30, Rexel + Hagemeyer (3)			Half-year ended June 30, Incl. Hagemeyer (3) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**3,474.7**	**3,358.3**	**3.5%**	**5,990.9**	**5,845.8**	**2.5%**
Same number of working days			*1.7%*			*2.3%*
Gross profit	834.0	805.9	3.5%	1,465.4	1,435.6	2.1%
as a % of sales	*24.0%*	*24.0%*		*24.5%*	*24.6%*	
Distribution and administrative expenses	(645.2)	(626.8)	2.9%	(1,130.2)	(1,103.1)	2.5%
as a % of sales	*(18.6)%*	*(18.7)%*		*(18.9)%*	*(18.9)%*	
EBITA(2)	**188.8**	**179.1**	**5.4%**	**335.2**	**332.5**	**0.8% (4)**
as a % of sales	***5.4%***	***5.3%***		***5.6%***	***5.7%***	

(3) Hagemeyer retained activities.
(4) EBITA growth was 5.9% excluding the non-recurring favorable effect in the first quarter of 2007.

Sales

In the first half of 2008, Rexel's consolidated sales increased by 12.9% to reach €5,990.9 million, a 2.3% growth on a constant basis and same number of working days. Acquisitions net of divestitures accounted for an increase of €830.9 million, mainly related to the Hagemeyer transaction, while the negative effect of changes in exchange rates amounted to €289.9 million, mainly due to the depreciation of the US dollar against the Euro. In the second quarter of 2008, sales grew by 1.7% on a constant basis and same number of working days.

The following table analyzes the changes in sales growth between the first halves of 2007 and 2008, on a reported basis and on a constant basis and same number of working days:

		Growth 2008 vs. 2007		
		Q1	Q2	H1
Growth on a constant basis and same number of working days		3.1%	1.7%	2.3%
Number of working days effect		(1.9)%	1.8%	0.2%
Organic growth	(1)	*1.2%*	*3.5%*	*2.5%*
External growth		1.3%	29.2%	15.7%
Foreign exchange		(4.7)%	(6.2)%	(5.5)%
Total of external growth and foreign exchange	(2)	*(3.4)%*	*23.1%*	*10.2%*
Actual growth (1) x (2)		(2.3)%	27.3%	12.9%

[(1)] Organic growth compounded with external growth and foreign exchange

Increase in copper-based cables prices, which represent approximately 20% of the Group's sales, accounted for approximately 0.4% in the 2.3% Group's sales growth on a constant basis and same number of working days.

Gross profit

In the first half of 2008, gross margin was 24.5% compared to 24.8% in the first half of 2007. On a constant basis, Adjusted gross margin decreased by 10 basis points from 24.6% in the first half of 2007 to 24.5% in the first half of 2008. Excluding the favorable non-recurring effect of specific commercial actions in the first quarter of 2007, Adjusted gross margin improved by 20 basis points. This improvement reflects the successful implementation of operating levers, notably the optimization of supply chain as well as logistic and purchasing synergies with Gexpro.

In the second quarter of 2008, Adjusted gross margin remained stable compared to the second quarter of 2007.

Distribution and administrative expenses

Rexel pursued the optimization of its costs structure over the period to adapt to the current activity trends. Distribution and administrative expenses as a percentage of sales posted a limited increase from 18.6% in the first half of 2007 to 18.9% in the first half of 2008, notably due to a mix effect related to the consolidation in the second quarter of the Hagemeyer retained activities. On a constant basis, Adjusted distribution and administrative expenses increased by 2.5% between 2007 and 2008. Adjusted personnel expenses increased by only 1.4% on a constant basis due to the headcount reductions implemented, notably in North America. At June 30, 2008, the number of employees was 34,004, to be compared to 34,554 at December 31, 2007 on a constant basis, namely a 1.6% reduction. In the second quarter of 2008, distribution and administrative expenses increased by 2.9% compared to the second quarter of 2007, a 10 basis points improvement as a percentage of sales. During the second quarter of 2008, Rexel continued adapting its cost base in the United States and started to implement cost reduction programs in Europe to address activity slowdowns in different countries, notably Spain and the United-Kingdom.

Operating income before other income and other expenses (EBITA)

Operating income before other income and other expenses (EBITA) reached €335.0 million in the first half of 2008, a 2.1% increase compared to the first half of 2007 on a reported basis. On a constant basis and excluding the non-recurring favorable effect from specific commercial actions in the first quarter of 2007, Adjusted EBITA increased by 5.9% and Adjusted EBITA margin improved by 20 basis points from 5.4% in the first half of 2007 to 5.6% in the first half of 2008. In the second quarter of 2008, Adjusted EBITA increased by 5.4% on a constant basis compared to the second quarter of 2007 and improved by 10 basis points as a percentage of sales to 5.4% in the second quarter of 2008 compared to 5.3% in the second quarter of 2007.

Other income and other expenses

In the first half of 2008, other income and other expenses amounted to a net income of €77.8 million and included a €107.5 million capital gain on the disposal of German operations to Sonepar. They also included a €10.0 million capital gain on the disposal of logistic centers in France, €22.2 million of restructuring expenses and €17.5 million of non-cash costs in respect of free shares granted in April 2007 concurrently to the IPO of Rexel.

Financial expenses

In the first half of 2008, net financial expenses were €83.0 million (compared to €263.2 million in the same period of 2007, of which €164.1 million related to the Group's debt restructuring following its IPO). Net financial expenses included €11.0 million non-recurring costs related to the Group's debt restructuring following the Hagemeyer acquisition in the first quarter of 2008 and a €7.8 million foreign exchange gain in the second quarter of 2008 related to the settlement of loans to the Hagemeyer Sonepar entities. As from the second quarter of 2008, financing terms include the ones of the new Credit Agreement put in place for the Hagemeyer transaction.

Tax expenses

The effective tax rate was 21.4% at June 30, 2008 compared to 43.5% at June 30, 2007.

In the first half of 2008, the effective tax rate included the effect of the non taxable gain relating to the transfer to Sonepar of Rexel's operations in Germany. Excluding the effect of this non recurring transaction, the effective tax rate would have been 31%, i.e. at the announced normalized level.

In the first half of 2007, the effective tax rate included the effect of non-recurring IPO related costs, especially non-deductible expenses related to the free shares allocation plan. Excluding this effect, the effective tax rate would have been 34%.

Net income

Net income amounted to €259.3 million in the first half of 2008 and €196.8 million in the second quarter of 2008 compared to €19.0 million in the first half of 2007.

1.2.2 | Europe

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	2,005.2	1,263.0	58.8%	3,249.2	2,493.8	30.3%
Gross profit	503.2	342.7	46.8%	837.8	673.0	24.5%
Distribution and administrative expenses	(392.4)	(245.9)	59.6%	(643.4)	(489.0)	31.6%
EBITA(1)	110.8	96.8	14.6%	194.4	184.0	5.7%
as a % of sales	*5.5%*	*7.7%*		*6.0%*	*7.4%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30, Rexel + Hagemeyer (2)			Half-year ended June 30, Incl. Hagemeyer (2) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**2,005.2**	**1,925.1**	**4.2%**	**3,249.2**	**3,153.2**	**3.0%**
Same number of working days			*1.4%*			*2.3%*
Gross profit	499.3	477.5	4.6%	838.8	814.2	3.0%
as a % of sales	*24.9%*	*24.8%*		*25.8%*	*25.8%*	
Distribution and administrative expenses	(390.0)	(375.8)	3.8%	(641.5)	(618.6)	3.7%
as a % of sales	*(19.5)%*	*(19.5)%*		*(19.7)%*	*(19.6)%*	
EBITA(1)	**109.3**	**101.7**	**7.5%**	**197.3**	**195.6**	**0.9%** (3)
as a % of sales	***5.4%***	***5.3%***		***6.1%***	***6.2%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer retained activities.
(3) EBITA growth was 5.2% excluding the non-recurring favorable effect in the first quarter of 2007.

In the first half of 2008, sales increased by 30.3% in Europe compared to the first half of 2007 and reached €3,249.2 million. Acquisitions accounted for a €790.1 million increase, essentially due to the acquisition of Hagemeyer, and divestments accounted for a €114.4 million decrease, essentially related to the disposal of Rexel Germany and Kontakt Systeme in Switzerland, while changes in exchange rates accounted for a €16.3 million decrease. On a constant basis and same number of working days, the sales increase was 2.3% in the first half of 2008 while it was 1.4% in the second quarter of 2008, reflecting a general slowdown in the new residential construction end-market.

In France, sales amounted to €1,247.0 million in the first half of 2008, a 2.6% increase on a constant basis and same number of working days. The Group estimates that it outperformed the market on a year-to-date basis. This growth notably stemmed from small and medium contractors (approximately 30% of sales), with whom sales grew approximately 6% in the first half of 2008. By product family, sales growth was driven by building equipment, which increased approximately 6% over the period. In the second quarter of 2008, sales increased by 1.9% on a constant basis and same number of working days.

In the United-Kingdom, sales amounted to €384.3 million in the first half of 2008, a 0.7% increase on a constant basis and same number of working days. Rexel historical banners posted limited growth in the first six months of the year, mainly attributable to the development of small and medium size commercial projects, which off-set the slight decrease of the banners acquired from Hagemeyer. In a weakening market, their activity was driven by commercial and governmental projects as well as by the business generated by new small and medium customers. In the second quarter, sales in the United-Kingdom decreased by 0.7% on a constant basis and same number of working days, illustrating the market slowdown in the residential and commercial end-market.

In Germany sales amounted to €314.0 million in the first half of 2008, a 3.4% increase on a constant basis and same number of working days. This performance reflects the activity of Rexel Germany for the first quarter of 2008 only and the one of Hagemeyer Germany in the second quarter of 2008. In the first quarter of 2008, Rexel Germany recorded a 1.1% sales decrease on a constant basis and same number of working days resulting from a difficult environment in the South of the country and negative cables sales evolution. In the second quarter of 2008, Hagemeyer Germany recorded a sales growth of 5.7% on a constant basis and same number of working days, stemming from the industrial end-market whilst residential construction was losing momentum. Sales to industrial customers, which represented approximately 30% of total sales, recorded a double digit increase in the second quarter of 2008. This was the result of added-value service development to this market segment, through twenty industrial competence centers in Germany fully dedicated to assist the industrial customer base. This enabled Hagemeyer to grow above market trend in Germany.

In Scandinavia sales amounted to €251.3 million in the first half of 2008, a 10.5% increase on a constant basis and same number of working days. In Sweden, Rexel estimates that its activity grew faster than the market thanks to its ability to capture large projects and to develop with large accounts. In Norway, market was slowing down in the second quarter of 2008 but recorded a double digit growth over the last 6 months. Hagemeyer Norwegian activities outperformed the market with large contractors and MRO customers. The Finish activities recorded a double digit growth thanks to a good performance with large national contractors and industrial customers, and by winning utility projects. In the second quarter of 2008, sales in Scandinavia increased by 10.4% on a constant basis and same number of working days.

In the first half of 2008, gross profit amounted to €837.8 million, a 24.5% increase compared to the first half of 2007. On a constant basis, Adjusted gross margin was 25.8% of sales in the first half of 2008, stable versus the first half of 2007. On-going improvements were offset by the favorable non-recurring effects of the first quarter of 2007. Excluding these effects, Adjusted gross margin in the first half of 2008 is estimated to be 20 basis points higher than in 2007. This performance is mainly due to favorable changes in product and customer mix and from better purchasing terms. In the second quarter of 2008, Adjusted gross margin was 10 basis points higher than in the second quarter of 2007 on a constant basis, at 24.9% of sales. The decrease of Adjusted gross margin from the first quarter to the second quarter of 2008 was mainly due to the mix effect related to the consolidation of the activities acquired from Hagemeyer from the second quarter.

In the first half of 2008, distribution and administrative expenses amounted to €643.4 million, i.e. 19.8% of sales compared to 19.6% in 2007. On a constant basis, Adjusted distribution and administrative expenses increased by 3.7%. Synergies related to distribution and administrative expenses between Rexel and Hagemeyer entities were started and will be developed in the coming months. Adjusted personnel expenses increased by 3.4% on a constant basis. In order to adapt costs to the economic situation and activity level of the different countries, the number of employees was 20,312 as at June 30, 2008, representing a 1.4% decrease compared to December 31, 2007 on a constant basis. Lease and maintenance expenses posted an above-inflation increase due to commercial and logistic initiatives. In the logistics area, the implementation of a national distribution center in Austria, the transfer and improvement of several logistic centers in France as well as the sale-and-leaseback of 7 logistics platforms representing 125,000 m^2 in the second quarter of 2008, resulted in the increase in expenses. Adjusted administrative and distribution expenses were well under control with an increase of 3.8% in the second quarter on a constant basis.

Operating income before other income and other expenses (EBITA) amounted to €194.4 million, a 5.7% increase compared to the first half of 2007. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, estimated Adjusted EBITA growth was 5.2%. In the second quarter of 2008, Adjusted EBITA increased by 7.5% on a constant basis compared to the second quarter of 2007, and Adjusted EBITA margin improved by 10 basis points to 5.4% of sales.

1.2.3 | North America

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	1,087.5	1,244.0	(12.6)%	2,140.6	2,409.0	(11.1)%
Gross profit	238.4	274.7	(13.2)%	471.3	532.4	(11.5)%
Distribution and administrative expenses	(176.4)	(202.6)	(12.9)%	(362.5)	(410.8)	(11.7)%
EBITA(1)	62.0	72.1	(14.1)%	108.8	121.6	(10.5)%
as a % of sales	*5.7%*	*5.8%*		*5.1%*	*5.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

	Quarter ended June 30,			Half-year ended June 30,			
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %	
Sales	**1,087.5**	**1,093.1**	**(0.5)%**	**2,140.6**	**2,146.5**	**(0.3)%**	
Same number of working days			*(0.2)%*			*0.5%*	
Gross profit	235.9	238.2	(1.0)%	468.1	475.7	(1.6)%	
as a % of sales	*21.7%*	*21.8%*		*21.9%*	*22.2%*		
Distribution and administrative expenses	(176.5)	(177.7)	(0.7)%	(362.6)	(365.6)	(0.8)%	
as a % of sales	*(16.2)%*	*(16.3)%*		*(17.0)%*	*(17.1)%*		
EBITA(1)	**59.4**	**60.5**	**(1.9)%**	**105.5**	**110.1**	**(4.2)%**	(2)
as a % of sales	***5.5%***	***5.5%***		***4.9%***	***5.1%***		

(1) EBITA = Operating income before other income and other expenses.
(2) EBITA growth was 3.4% excluding the non-recurring favorable effect in the first quarter of 2007.

In the first half of 2008, sales in North America amounted to €2,140.6 million, an 11.1% decrease compared to 2007. This decrease mainly resulted from the €262.5 million unfavorable evolution of the US and Canadian dollars against the Euro. On a constant basis and same number of working days, sales increased by 0.5%. In the second quarter of 2008, sales decreased by 0.2% on a constant basis and same number of working days, notably because of the weakening in the non-residential related commercial construction market.

In the United States, sales amounted to €1,661.1 million in the first half of 2008, a 0.2% increase on a constant basis and same number of working days. The downturn of residential construction continued while additional commercial end-markets weakened in the second quarter of 2008 as mentioned here-above. The commercial construction activity was mainly driven by governmental and higher education projects while sales continued to grow in the industrial end-market, notably in the energy and raw material sectors. As a result, sales decreased by 0.8% on a constant basis and same number of working days in the second quarter of 2008.

In Canada, sales amounted to €479.5 million in the first half of 2008, a 1.7% increase on a constant basis and same number of working days. Sales were affected by a softening economy, in particular in the industrial sector, notably in Ontario and Quebec, but also in the forestry operations in British Columbia. Sales teams were able to refocus on the growing sectors at regional level and developed bespoke service offers to gain new large customers and institutional projects. In the second quarter of 2008, sales increased by 1.8% on a constant basis and same number of working days, thanks to the Group ability to allocate sales forces on large projects like oil sands projects in Southern Alberta and institutional and commercial projects in Eastern Canada and Ontario.

In the first half of 2008, gross profit amounted to €471.3 million, an 11.5% decrease compared to 2007, mainly due to changes in exchange rates against the Euro. On a constant basis, Adjusted gross margin decreased by 30 basis points to 21.9% of sales in the first half of 2008 compared to 22.2% in the first half of 2007. This evolution is notably the result of the favorable non-recurring effect in the first quarter of 2007. Excluding this effect, Adjusted gross margin posted an estimated growth of 10 basis points. This improvement came from a better control in the implementation of Group pricing policies and improvement in purchasing terms. In the second quarter of 2008, Adjusted gross margin lost 10 basis points compared to the second quarter of 2007 on a constant basis, from 21.8% in the second quarter of 2007 to 21.7% in the second quarter of 2008.

Distribution and administrative expenses amounted to €362.6 million in the first half of 2008, i.e. 16.9% of sales, a 20 basis points improvement compared to the first half of 2007. On a constant basis, Adjusted distribution and administrative expenses decreased by 0.8%. Adjusted personnel costs decreased by 3.2% on a constant basis due to staff reductions started in the second quarter of 2007 and continued in the first half of 2008 in order to adapt to current sales trends. In North America, electrical distribution headcount was reduced from 9,112 at December 31, 2007 to 8,783 at June 30, 2008 on a constant basis, i.e. a 3.6% decrease. Adjusted distribution and administrative expenses in the second quarter of 2008 were reduced by 0.7% on a constant basis compared to the second quarter of 2007.

Operating income before other income and other expenses (EBITA) thus amounted to €108.8 million in the first half of 2008, a 10.5% decrease compared to the first half of 2007, mainly due to changes in foreign exchange rates. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, Adjusted EBITA posted an estimated 3.4% growth, due to the increase in gross profit in the first quarter of the year and the controlled evolution of costs. In the second quarter of 2008, on a constant basis, Adjusted EBITA decreased by 1.9% compared to the second quarter of 2007, but remained at 5.5% of sales.

1.2.4 | Asia-Pacific

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	246.1	205.7	19.7%	448.4	372.2	20.5%
Gross profit	60.2	52.5	14.5%	111.4	96.6	15.3%
Distribution and administrative expenses	(41.0)	(37.5)	9.0%	(80.0)	(72.0)	11.1%
EBITA(1)	19.2	15.0	28.4%	31.4	24.6	27.5%
as a % of sales	*7.8%*	*7.3%*		*7.0%*	*6.6%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**246.1**	**221.4**	**11.2%**	**448.4**	**413.3**	**8.5%**
Same number of working days			*8.7%*			*8.5%*
Gross profit	59.6	55.5	7.4%	111.1	104.8	6.0%
as a % of sales	*24.2%*	*25.1%*		*24.8%*	*25.4%*	
Distribution and administrative expenses	(40.9)	(40.1)	2.0%	(80.0)	(78.5)	2.0%
as a % of sales	*(16.6)%*	*(18.1)%*		*(17.9)%*	*(19.0)%*	
EBITA(1)	**18.7**	**15.4**	**21.3%**	**31.1**	**26.3**	**18.0%**
as a % of sales	***7.6%***	***7.0%***		***6.9%***	***6.4%***	

(1) EBITA = Operating income before other income and other expenses.

In the first half of 2008, sales in the Asia-Pacific zone increased by 20.5% compared to the first half of 2007 to €448.4 million, or 8.5% on a constant basis and same number of working days. On the same basis, sales increase was 8.7% in the second quarter of 2008 compared to the second quarter of 2007.

In the first half of 2008, sales in Australia amounted to €315.5 million, an 8.6% increase on a constant basis and same number of working days from 2007. Strong industrial and mining businesses and a fair non-residential construction activity enabled Australian banners to outperform the market in the first six months of the year. Sales growth was particularly high in Queensland, New South Wales and Western Australia. Industrial key accounts and large national contractors were the main growth drivers in the first part of 2008. In the second quarter of 2008, sales growth was 8.9% on a constant basis and same number of working days. The momentum observed in the first quarter of the year was maintained and the integration of the recent acquisition of EIW in New South Wales and Western Australia was successfully implemented.

In New-Zealand, affected by the downturn of the residential and commercial construction markets, sales amounted to €67.4 million, a 1.1 % decrease compared to 2007 on a constant basis and same number of working days.

In Asia, sales amounted to €65.5 million in the first half of 2008, a 19.8% increase on a constant basis and same number of working days compared to 2007, which evidences the fast development of the Group's different banners particularly driven by the lighting and automation segments and the panel builder customers. Rexel signed in January 2008 an agreement for the acquisition of the Suzhou Xidian company, whose completion is subject to the approval by the appropriate authorities.

In the first half of 2008, gross profit increased by 15.3% to €111.4 million. On a constant basis, Adjusted growth margin decreased by 60 basis points in the zone, due to the significant growth in Asia where gross margin is lower (mix effect) and the gross margin decrease in Australia (more projects with lower gross margin but also lower costs). In the second quarter of 2008, gross margin decreased for the same reasons.

Distribution and administrative expenses were €80.0 million in the first half of 2008, i.e. 17.8% of sales compared to 19.4% in the first half of 2007. On a constant basis, Adjusted distribution and administrative expenses increased by 2.0% compared to the first half of 2007, while sales grew 8.5%. Adjusted personnel costs increased by 5.0% on a constant basis. Headcount increased from 2,700 at December 31, 2007 to 2,753 at June 30, 2008 on a constant basis. In the second quarter of 2008, Adjusted distribution and administrative expenses increased by 2.0% reflecting the efficient cost control in a situation of high sales increase.

Operating income before other income and other expenses (EBITA) amounted to €31.4 million in the first half of 2008, a 27.5% increase compared to 2007. On a constant basis, Adjusted EBITA increased by 18.0%, from 6.4% of sales in the first half of 2007 to 6.9% in the first half of 2008. In the second quarter of 2008, Adjusted EBITA increased by 21.3% compared to the second quarter of 2007, a 60 basis points improvement as a percentage of sales, from 7.0% of sales in the second quarter of 2007 to 7.6% in the second quarter of 2008.

1.2.5 | Other operations

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	135.9	15.9	754.7%	152.7	29.8	412.4%
Gross profit	39.2	6.6	493.9%	47.6	12.8	271.9%
Distribution and administrative expenses	(38.7)	(7.7)	402.6%	(47.2)	(15.0)	214.7%
EBITA(1)	0.5	(1.1)	(145.5)%	0.4	(2.2)	(118.2)%
as a % of sales	*0.4%*	*(6.9)%*		*0.3%*	*(7.5)%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30, Rexel + Hagemeyer (2)			Half-year ended June 30, Incl. Hagemeyer (2) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**135.9**	**118.7**	**14.5%**	**152.7**	**132.8**	**14.9%**
Same number of working days			*11.2%*			*12.1%*
Gross profit	39.2	34.7	13.2%	47.4	40.9	16.2%
as a % of sales	*28.8%*	*29.1%*		*31.0%*	*30.8%*	
Distribution and administrative expenses	(37.8)	(33.2)	14.0%	(46.1)	(40.4)	14.2%
as a % of sales	*(27.9)%*	*(27.8)%*		*(30.4)%*	*(30.5)%*	
EBITA(1)	**1.4**	**1.5**	**(2.4)%**	**1.3**	**0.5**	**199.2%**
as a % of sales	***1.1%***	***1.3%***		***0.9%***	***0.3%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer retained activities.

The Other Operations segment includes ACE, the Agencies / Consumer Electronics segment acquired from Hagemeyer at the beginning of the second quarter of 2008, which represented 3.5% of Group's sales in this quarter. It also includes Chile, which represented less than 0.5% of the Group's sales in the second quarter of 2008, certain businesses managed at Group level (Bizline, Citadel and Conectis), unallocated corporate overhead (mainly occupancy and personnel costs of the Paris headquarters), as well as elimination of inter-segments operations.

In the second quarter of 2008, the Agencies / Consumer Electronics segment recorded a 12.4% growth on a constant basis and same number of working days from 2007, mainly driven by Asia and The Netherlands. The Asian agencies business, focused on the sales of luxury goods through retail shops, recorded a robust growth. Several new contracts were gained in Hong Kong and South Korea. The business in The Netherlands recorded a high growth related to flat TV screen sales impulsed by the European football championship. In Australia, growth was driven by the camcorder product sales.

1.3 | Rexel Group consolidated pro forma income statement

The pro forma income statement for the first halves of 2008 and 2007 was prepared so as to reflect the effect of (i) the completion of the public purchase offer of all of the outstanding shares and bonds of Hagemeyer, (ii) the completion of the asset swap agreed upon with Sonepar and (iii) the disposal of the electrical supplies distribution business of Hagemeyer in Ireland, as if these operations were completed on January 1st, 2008. The assumptions and principles used for its preparation are disclosed in the section 20.2 of the *Document de reference* registered by the *Autorité des Marchés Financiers* on April 30, 2008 under number R.08-046. In addition, the pro forma income statement for the first half of 2007 was prepared using the same exchange rates as the one used for the first half of 2008 (average rates over the period).

	Half-year ended June 30,		
(in millions of euros)	2008	2007	Change in %
Sales	**6,861.9**	**6,675.8**	***2.8%***
Variation à nombre de jours constant			*3.0%*
Gross profit	1,667.9	1,633.0	*2.1%*
as a % of sales	***24.3%***	***24.4%***	
Distribution and administrative expenses	(1,324.0)	(1,286.2)	*2.9%*
Operating income before other income and other expenses (EBITA)	343.9	346.8	*(0.8)%*
Adjusted EBITA	***350.5***	***349.7***	***0,2%*** (1)
as a % of sales	***5.1%***	***5.2%***	

(1) EBITA growth was 5.0% excluding the non-recurring favorable effect in the first quarter of 2007.

Comparison of the Group performance between the two periods is affected by the favorable effect of non-recurring commercial actions in the first quarter of 2007. Excluding this effect, increase in Adjusted EBITA is 5.0%, a 10 basis improvement as a percentage of sales.

1.3.1 | Reconciliation of the reported consolidated income statement of Rexel with the pro forma consolidated income statement

The Hagemeyer column in the table below reflects the impact of Hagemeyer entities excluding those transferred to Sonepar and the operations of Hagemeyer in Ireland to be disposed of. This column also includes the effect of the disposal to Sonepar of Rexel historical operations in Germany and the acquisition of Sonepar activity in Sweden.

First half-year 2008 *(in millions of euros)*	Rexel	Hagemeyer	Other Operations related restatements	Pro forma
Sales	**5,990.9**	**871.0**	**-**	**6,861.9**
Cost of goods sold	(4,522.8)	(671.2)	-	(5,194.0)
Gross profit	**1,468.1**	**199.8**	**-**	**1,667.9**
Adjusted Gross profit	*1,465.4*	*203.3*	-	*1,668.7*
Distribution and administrative expenses	(1,133.1)	(187.9)	(3.0)	(1,324.0)
Operating income before other income and other expenses (EBITA)	**335.0**	**11.9**	**(3.0)**	**343.9**
Adjusted EBITA	*335.2*	*15.3*	-	*350.5*
Other income and expenses	77.8	(14.2)	-	63.6
Operating income	**412.8**	**(2.3)**	**(3.0)**	**407.5**
Share in results of equity affiliates	-	0.6	-	0.6
Net financial expense	(83.0)	(0.3)	(11.1)	(94.4)
Net income before income tax	**329.8**	**(2.0)**	**(14.1)**	**313.7**
Income tax	(70.4)	7.4	(2.6)	(65.6)
Net income	**259.4**	**5.4**	**(16.7)**	**248.1**
Depreciation	(46.1)	(7.8)	(3.0)	(56.9)

1.3.2 | Pro forma income statement by geographic zone

The following table discloses the split by geographic zone of pro forma sales, Adjusted gross profit and Adjusted EBITA for the first half of 2008. Adjusted EBITA is EBITA excluding the amortization of intangible assets recognized in the purchase price of Hagemeyer preliminary allocation, restated for the changes in price of copper-based cables.

First half-year 2008 *(in millions of euros)*	Europe	North America	Asia Pacific	Other operations	Total pro forma
Sales	**4,022.1**	**2,140.6**	**448.4**	**250.8**	**6,861.9**
Adjusted Gross profit	1,015.2	468.1	111.1	74.3	1,668.7
as a % of sales	*25.2%*	*21.9%*	*24.8%*	*29.6%*	*24.3%*
Adjusted EBITA	**211.3**	**105.5**	**31.1**	**2.6**	**350.5**
as a % of sales	***5.3%***	***4.9%***	***6.9%***	***1.0%***	***5.1%***

The breakdown of pro forma sales in the first half of 2008 is the following:

	In millions of euros	Change 2008 vs. 2007	
		Actual number of working days	Same number of working days
Group Total	**6,861.9**	**2.8%**	**3.0%**
Europe	**4,022.1**	**3.1%**	**3.1%**
Of which:			
France	1,247.0	2.6%	2.6%
United-Kingdom	618.4	0.3%	0.3%
Germany	415.2	9.2%	8.3%
Scandinavia	477.2	10.7%	10.0%
North America	**2,140.6**	**(0.3)%**	**0.5%**
Asia - Pacific	**448.4**	**8.5%**	**8.5%**
Other operations	**250.8**	**15.9%**	**15.4%**

1.4 | Risks and uncertainties regarding 2008 second half-year

Risk factors set out in the *Document de reference*[1] are repeated.

1.5 | Outlooks regarding 2008

In the face of a continuing slowdown in the construction end-market in the United-States and several European countries, Rexel continues to focus on adjusting its cost base while accelerating gains from its enhanced European platform and allocating its resources to higher growth market segments.

Against this backdrop, Rexel confirms its Full Year 2008 objectives presented on March 31, namely:

- Limited revenue growth including bolt-on acquisitions compared to 2007 Restated[2] revenue;
- Adjusted EBITA margin comparable to the 2007 Restated[2] level of 5.4%;
- Working capital requirement as a percentage of sales and net debt to Adjusted EBITDA ratio on track to reach mid-term objectives of 12.5% of sales and 2x to 3x respectively.

[1] See chapter 4 of the Document de référence n°R.08-046 registered with AMF on April 30, 2008.

[2] Based on the purchase of all outstanding shares and convertible bonds of Hagemeyer the disposals and asset swap with Sonepar and the divestment of Hagemeyer's electrical distribution activities in Ireland, on April 1, 2008.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow as at June 30, 2008 and June 30, 2007

The following table sets out Rexel's cash flow for the quarters and half-years ended June 30, 2008 and June 30, 2007.

		Quarter ended June 30,		Half-year ended June 30,	
(in millions of euros)		2008	2007	2008	2007
Operating cash flow[(1)]		209.5	194.4	363.3	354.8
Interest	(a)	(51.8)	(110.9)	(81.4)	(165.2)
Taxes	(a)	(33.2)	15.8	(57.6)	2.8
Changes in working capital requirement		26.4	(11.6)	(22.1)	(7.6)
Cash flow from operating activities	(b)	150.9	87.7	202.2	184.8
Cash flow from investing activities		1,538.5	(21.4)	(1,392.3)	(5.5)
Including operating capital expenditures[(2)]	(c)	*0.3*	*(15.7)*	*16.9*	*16.6*
Cash flow from financing activities		(1,454.5)	143.2	1,503.6	71.2
Net cash flow		234.9	209.5	313.5	250.5
Free cash flow:					
- before interest and taxes (b) – (a) + (c)		**236.2**	**167.1**	**358.1**	**363.8**
- after interest and taxes (b) + (c)		**151.2**	**72.0**	**219.1**	**201.4**

[(1)] Before interest, taxes and changes in working capital requirement.

[(2)] Net of disposals.

2.1.1 | Cash flow from operating activities

Rexel's cash flow from operating activities was a €202.2 million inflow in the first half of 2008 compared to €184.8 million in the first half of 2007. In the second quarter of 2008, cash flow from operating activities amounted to a €150.9 million inflow compared to a €87.7 million inflow in the second quarter of 2007.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €354.8 million in the first half of 2007 to €363.3 million in the first half of 2008, due to the high level of operating income before depreciation, other income and other expenses (EBITDA) achieved in 2008. This latter increased from €362.1 million in the first half of 2007 to €381.1 million in the first half of 2008.

Interest and taxes

In the first half of 2008, interest paid amounted to €81.4 million compared to €165.2 million in the first half of 2007. The 2007 cash-out included €89.6 million in respect of the redemption premium for the Senior Subordinated Notes pursuant to the refinancing operations following the initial public offering of Rexel, paid on April 4, 2007. From the second quarter of 2008, financing terms include the ones of the new Credit Agreement put in place for the Hagemeyer transaction.

In the first half of 2008, €57.6 million income taxes were paid compared to €2.8 million received in the first half of 2007. The second quarter of 2007 included a non-recurring tax refund from the French authorities for an amount of €53.4 million.

Changes in working capital requirement

Cash used by changes in working capital requirement amounted to €22.1 million in the first half of 2008 compared to a €7.6 million outflow in the first half of 2007. This increase included in particular the increase in non trade working capital that was favorably affected by 20 basis points of non-recurring items at December 31, 2007. As a percentage of the last twelve months sales, the working capital requirement decreased from 13.3% at June 30, 2007 on a constant basis to 12.5% at June 30, 2008. This 80 basis points improvement includes 30 basis points related to acquisition costs and other non-recurring items related to the Hagemeyer acquisition.

2.1.2 | Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to a €1,392.3 million outflow in the first half of 2008 compared to a €5.5 million outflow in the first half of 2007.

	Quarter ended June 30,		Half-year ended June 30,	
(in millions of euros)	2008	2007	2008	2007
Acquisitions of operating fixed assets[(1)]	0.3	(15.7)	16.9	16.6
Acquisitions of financial fixed assets[(1)]	684.6	(6.0)	(2,262.8)	(24.6)
Net change in long-term investments	853.6	0.3	853.6	2.5
Cash flow from investing activities	1,538.5	(21.4)	(1,392.3)	(5.5)

[(1)] Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisition of operating fixed assets, net of disposals, were a €16.9 million inflow in the first half of 2008 compared to a €16.6 million inflow in the first half of 2007.

In the first half of 2008, gross capital expenditures amounted to €48.3 million, i.e. 0.8% of the sales of the period, of which €12.3 million related to IT systems, €16.8 million to the renovation of existing branches and the opening of new branches, €9.9 million to logistics and €1.6 million to other investments. Changes in the related suppliers payable amounted to €7.7 million, accounting for an increase in the capital expenditures of the period. Disposals of fixed assets in the first half of 2008 amounted to €65.2 million and mainly related to a sale and leaseback transaction in the first half of 2008, on 7 logistic centers in France for an amount of €62.9 million.

In the first half of 2007, gross capital expenditures amounted to €32.9 million, i.e. 0.6% of the sales of the period, including €11.9 million related to IT systems, €12.7 million to the renovation of existing branches and the opening of new branches, €6.0 million to logistics and €1.3 million to other investments. Changes in the related suppliers payable amounted to €1.0 million, accounting for an increase in the capital expenditures of the period. Disposals of fixed assets amounted to €49.5 million, mainly including a sale and leaseback transaction of commercial premises in Switzerland for an amount of €46.3 million (€42.5 million net of related taxes).

Financial investments

Rexel's net financial investments represented a net outflow of €2,262.8 million in the first half of 2008 compared to €24.6 million in the first half of 2007.

In the first half of 2008, outflows in respect of financial investments mainly included the completion of the Hagemeyer offer for an amount of €3,043.8 million net of cash acquired. The disposal of the Sonepar entities in June 2008 resulted in an inflow of €730.5 million. The net proceeds resulting from the asset swap are comprised of a €177.1 million cash inflow in respect of the disposal of Rexel's business in Germany and a €84.3 million cash inflow in respect of the acquisition of Sonepar's business in Sweden. The other investments are comprised of the acquisition of Beacon in the United States for US $20.1 million (€12.1 million), an earn-out relating to the acquisition of Huazhang in China for €7.3 million and a €2.7 million price adjustment related to the EIW company in Australia.

In the first half-year of 2007, financial investments included mainly a price adjustment paid in March 2007 and related to the acquisition of GE Supply for US $9.7 million (€7.7 million) and the acquisition of APPRO 5 in France for €6.7 million, of Clearlight Electrical in the United-Kingdom for £5.2 million (€7.0 million) and of Tri-Valley Electric Supply in the United States for US $1.4 million (€1.1 million).

Changes in long-term investments

Net cash from changes in long term investments represents a net inflow of €853.6 million in the first half of 2008 compared to a net inflow of €2.5 million in the first half of 2007.

Net cash recorded in the first half-year of 2008 mainly reflected the intercompany loan repayment from the Sonepar entities for an amount of €853.1 million.

Net cash recorded in the first half-year of 2007 mainly reflected the reimbursement of a portion of cash collateral pledged to guarantee a credit facility in Australia.

2.1.3 | Cash flow from financing activities

Cash flow from financing activities is comprised of changes in indebtedness, share capital issuances and payment of dividends.

In the first half of 2008, financing activities accounted for €1,503.6 million inflow. The net change in credit facilities accounted for €1,621.5 million and was comprised of the drawing under the new Senior Credit Agreement for €4,244.5 million, net of transaction fees. This amount was used to acquire the Hagemeyer shares and bonds for €3,145.8 million, as well as to repay the 2007 Senior Credit Agreement for €930.0 million and refinance Hagemeyer pre-acquisition debt for €260.0 million. In June 2008, a reimbursement of €1,400 million of the new Senior Credit Agreement was made following disposals to Sonepar. In May 2008, Rexel redeemed the bonds issued in 1998 for a net amount of €45.7 million corresponding to the par value of the bond issuance. Repayments of finance lease liabilities amounted to €44.6 million and securitization programs increased by €23.3 million. In June 2008, a €0.37 dividend was paid to the shareholders, for a total amount of €94.4 million.

In the first half of 2007, financing activities accounted for €71.2 million inflow. The net proceeds from the initial public offering in the second quarter of 2007 were €1,012.3 million. Together with the 2007 term loan facilities, drawn down in an amount of €1,300 million, these inflows were used to repay in full the former 2005 Senior Credit Agreement and the €600.0 million Senior Subordinated Notes. In addition, repayments of finance lease liabilities amounted to €15.5 million.

2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At June 30, 2008, Rexel's consolidated net debt amounted to €3,147.0 million, and was made up as follows:

	June 30, 2008			December 31, 2007		
(in millions of euros)	Current	Non current	Total	Current	Non current	Total
Senior subordinated notes and indexed bonds	-	-	-	54.8	-	54.8
Senior credit facility	250.0	2,633.7	2,883.7	-	960.6	960.6
Securitization	-	942.1	942.1	-	1,012.1	1,012.1
Bank loans	8.5	6.0	14.5	5.9	5.0	10.9
Bank overdrafts and other credit facilities	130.1	-	130.1	45.1	-	45.1
Finance lease obligations	20.5	27.0	47.5	16.9	37.5	54.4
Less transaction costs	-	(47.0)	(47.0)	-	(16.1)	(16.1)
Total financial debt and accrued interest	**409.1**	**3,561.8**	**3,970.9**	**122.7**	**1,999.1**	**2,121.8**
Cash and cash equivalents			(823.9)			(515.2)
Net financial debt			**3,147.0**			**1,606.6**

Changes between the two dates are mainly related to financing of the offer on Hagemeyer shares and bonds (see note 11 – "Financial liabilities" to Rexel's Condensed Consolidated Interim Financial Statements as of June 30, 2008).

In the context of this acquisition, Rexel refinanced its pre-existing debt as well as the Hagemeyer one and entered into a €5.4 billion senior credit agreement (the "New Credit Agreement") whose terms and conditions are disclosed in note 11 to the financial statements as at June 30, 2008. This agreement provides in particular that Rexel must comply with a maximum leverage ratio, determined as the ratio of net debt to consolidated EBITDA.

Net debt is converted to the average foreign exchange rates of the last twelve months.

Consolidated EBITDA means EBITDA adjusted for the non-recurring effect of changes in copper-based cables prices over the last twelve months.

As of June 30, 2008, which was the first test, the leverage ratio was 3.63 compared to a maximum of 4.9.

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended June 30, 2008 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended June 30, 2008, the French version will prevail.

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Consolidated income statement

(in millions of euros)	*Notes*	For the period ended June 30 2008	2007
Sales	*4*	5,990.9	5,304.8
Cost of goods sold		(4,522.8)	(3,990.0)
Gross profit		**1,468.1**	**1,314.8**
Distribution and administrative expenses	*5*	(1,133.1)	(986.8)
Operating income before other income and expenses		**335.0**	**328.0**
Other income	*6*	118.5	4.0
Other expenses	*6*	(40.7)	(35.2)
Operating income		**412.8**	**296.8**
Financial income		39.9	21.4
Interest expense on borrowings		(93.0)	(109.0)
Refinancing related expenses		(11.0)	(164.1)
Other financial expenses		(18.9)	(11.5)
Financial expenses (net)	*7*	*(83.0)*	*(263.2)*
Net Income before income tax		**329.8**	**33.6**
Income tax	*8*	(70.4)	(14.6)
Net income		**259.4**	**19.0**
Attributable to:			
Equity holders of the parent		258.7	18.8
Minority interests		0.7	0.2
Earnings per share:			
Basic earnings per share (*in euros*)	*9*	1.01	0.10
Fully diluted earnings per share (*in euros*)		0.99	0.10

Consolidated balance sheet

(in millions of euros)	***Notes***	**As of June 30, 2008**	**As of December 31, 2007**
Assets			
Goodwill	***3***	3,735.1	2,608.3
Intangible assets		993.7	686.0
Property, plant & equipment		340.1	272.1
Long-term investments	***3***	169.8	76.8
Deferred tax assets		250.5	127.4
Total non-current assets		**5,489.2**	**3,770.6**
Inventories		1,452.7	1,143.2
Trade accounts receivable		2,639.6	2,018.5
Income tax receivable		3.6	1.4
Other accounts receivable		481.8	422.6
Assets classified as held for sale		16.1	-
Cash and cash equivalents	***11.1***	823.9	515.2
Total current assets		**5,417.7**	**4,100.9**
Total assets		**10,906.9**	**7,871.5**
Equity			
Share capital		1,280.0	1,280.0
Share premium		1,409.9	1,409.9
Reserves and retained earnings		676.3	531.4
Total equity attributable to equity holders of the parent		**3,366.2**	**3,221.3**
Minority interests		30.0	6.0
Total equity		**3,396.2**	**3,227.3**
Liabilities			
Interest bearing debt	***11.1***	3,561.8	1,999.1
Employee benefits		220.5	125.6
Deferred tax liabilities		270.5	161.5
Provision and other non-current liabilities		165.4	52.8
Total non-current liabilities		**4,218.2**	**2,339.0**
Interest bearing debt	***11.1***	400.0	118.1
Accrued interest	***11.1***	9.1	4.6
Trade accounts payable		2,209.3	1,659.3
Income tax payable		56.3	24.0
Other current liabilities		617.8	499.2
Total current liabilities		**3,292.5**	**2,305.2**
Total liabilities		**7,510.7**	**4,644.2**
Total equity and liabilities		**10,906.9**	**7,871.5**

Consolidated statement of cash flows

(in millions of euros)	**Note**	**For the period ended June 30** **2008**	**2007**
Cash flows from operating activities			
Operating income		412.8	296.8
Depreciation, amortisation and impairment of assets		46.1	38.1
Employee benefits		(4.3)	(1.2)
Change in other provisions		5.5	(3.2)
Other non-cash operating items [(1)]		(96.8)	24.3
Interest paid		(81.4)	(165.2)
Income tax paid		(57.6)	2.8
Operating cash flows before change in working capital requirements		*224.3*	*192.4*
Change in inventories		16.7	(63.0)
Change in trade and other receivables		(100.8)	(76.8)
Change in trade and other payables		86.4	126.0
Changes in other working capital items		(24.3)	6.2
Change in working capital		*(22.0)*	*(7.6)*
Net cash from operating activities		202.3	184.8
Cash flows from investing activities			
Acquisition of property, plant and equipment		(48.3)	(32.9)
Proceeds from disposal of property, plant and equipment	***6.1***	65.2	49.5
Acquisition of subsidiaries, net of cash acquired	***3***	(3,155.2)	(27.7)
Proceeds from disposal of subsidiaries, net of cash disposed		892.4	3.1
Change in long-term investments		853.6	2.5
Net cash from investing activities		(1,392.3)	(5.5)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	1,012.8
(Repurchase) / Disposal of treasury shares		(2.2)	(2.7)
Net change in credit facilities and other financial borrowings	***11.4***	1,621.5	(927.1)
Net change in securitisation	***11.4***	23.3	3.9
Payment of finance lease liabilities	***11.4***	(44.6)	(15.5)
Dividends paid		(94.4)	(0.2)
Net cash from financing activities		1,503.6	71.2
Net increase in cash and cash equivalents		313.6	250.5
Cash and cash equivalents at the beginning of the period		515.2	473.1
Effect of exchange rate changes on cash and cash equivalents		(4.9)	(4.3)
Cash and cash equivalents at the end of the period		823.9	719.3

(1) including capital gains and losses disclosed in note 6

Consolidated statement of recognised income and expenses

(in millions of euros)	For the period ended June 30 2008	2007
Net income	**259.4**	**19.0**
Foreign currency exchange discrepancies	(45.1)	22.1
Cash flow hedges (net of tax)	9.4	7.2
Available for sale securities	0.3	-
Income and expenses recognised directly in equity	*(35.4)*	*29.3*
Total recognised income and expenses for the period	**224.0**	**48.3**
Attributable to:		
Equity holders of the parent	223.3	48.1
Minority interest	0.7	0.2

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Consolidated statement of changes in shareholders' equity

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	**Total attributable to the group**	Minority interests	**Total**
At January 1, 2007	**630.5**	**1.6**	**333.3**	**5.3**	**12.3**	**-**	**983.0**	**5.6**	**988.6**
Foreign currency exchange discrepancies	-	-	-	(24.1)	-	-	(24.1)	(0.1)	(24.2)
Cash flow hedges	-	-	-	-	(6.9)	-	(6.9)	-	(6.9)
Available for sale assets			(0.3)				(0.3)		(0.3)
Income and expenses recognised directly in equity	**-**	**-**	**(0.3)**	**(24.1)**	**(6.9)**	**-**	**(31.3)**	**(0.1)**	**(31.4)**
Net income	-	-	143.0	-	-	-	143.0	0.5	143.5
Total recognised income and expense for the period	**-**	**-**	**142.7**	**(24.1)**	**(6.9)**	**-**	**111.7**	**0.4**	**112.1**
Issue of share capital	649.5	1,408.3	14.7	-	-	-	2,072.5	-	2,072.5
Share-based payments	-	-	62.4	-	-	-	62.4	-	62.4
Treasury Shares						(8.3)	(8.3)		(8.3)
Minority interests in companies acquired or sold	-	-	-	-	-	-	-	-	-
At December 31, 2007	**1,280.0**	**1,409.9**	**553.1**	**(18.8)**	**5.4**	**(8.3)**	**3,221.3**	**6.0**	**3,227.3**
Foreign currency exchange discrepancies	-	-	-	(45.1)	-	-	(45.1)	-	(45.1)
Cash flow hedges	-	-	-	-	9.4	-	9.4	-	9.4
Available for sale assets	-	-	0.3	-	-	-	0.3	-	0.3
Income and expenses recognised directly in equity	**-**	**-**	**0.3**	**(45.1)**	**9.4**	**-**	**(35.4)**	**-**	**(35.4)**
Net income	-	-	258.7	-	-	-	258.7	0.7	259.4
Total recognised income and expense for the period	**-**	**-**	**259.0**	**(45.1)**	**9.4**	**-**	**223.3**	**0.7**	**224.0**
Issue of share capital	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	17.5	-	-	-	17.5	-	17.5
Treasury shares	-	-	-	-	-	(1.5)	(1.5)	-	(1.5)
Dividends paid *(1)*	-	-	(94.4)	-	-	-	(94.4)	-	(94.4)
Minority interests in companies acquired or sold	-	-	-	-	-	-	-	23.3	23.3
At June 30, 2008	**1,280.0**	**1,409.9**	**735.2**	**(63.9)**	**14.8**	**(9.8)**	**3,366.2**	**30.0**	**3,396.2**

(1) Dividends paid on June 30, 2008 corresponding to €0.37 per share

Notes

1.| GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (together referred to here as 'the Group' or 'Rexel').

The Group's business is the distribution of low and ultra low voltage electrical products to professional customers, and serves the needs of a large variety of customers and markets in the fields of construction, industry and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

The present condensed consolidated interim financial statements cover the period from January 1st, 2008 to June 30, 2008. They have been authorised for issue by the Management Board on July, 30th 2008.

2.| SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ended June 30, 2008 have been prepared in accordance both with the International Financial Reporting Standards (IFRS) as adopted by the European Union and those approved by the IASB and applicable as of June 30, 2008. In particular, the condensed financial statements have been prepared in accordance with standard IAS 34, relating to Interim Financial Reporting. Pursuant to IAS 34, they do not include all the information required in the annual financial statements, but only selected explanatory notes, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007 in the Document de reference registered by the Autorité des Marchés Financiers on April 30, 2008 under number R.08-046.

2.2 Basis of preparation

The accounting policies used in the condensed financial statements for the period ended June 30, 2008 are identical to those used and described in the consolidated financial statements for the year ended December 31, 2007. New standards and interpretations applicable starting January 1, 2008 did not have any significant impact on the Group's financial situation or condensed financial statements for the period ended June 30, 2008.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for during the period in which they are made and all subsequent periods.

2.2.1 Accounting standards and interpretations effective in 2008

IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions" gives guidance on how to account for and evaluate equity instruments granted by a parent company to a subsidiary's employees. IFRIC 11 is mandatory for consolidated financial statements covering fiscal years from March 1, 2007.

IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction" and provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 *Employee Benefits*. IFRIC 14 becomes effective for financial years beginning on or after January 1, 2008.

These interpretations did not have any effect on the Group's financial statements when applied.

2.2.2 Accounting standards and interpretations approved by the European Union not yet in effect

IFRS 8 ("Operating Segments") supersedes IAS 14 ("Segment Reporting") and adopts a full management approach to identifying and measuring the result of reportable operating segments. IFRS 8 will be applicable from January 1st, 2009. The company has elected not to apply IFRS 8 by anticipation.

3.| BUSINESS COMBINATIONS AND PRO FORMA

3.1 Hagemeyer Acquisition

Following the tender offer on Hagemeyer's shares and bonds in the Netherlands, ended on March 25, 2008 and initiated in accordance with the agreement entered into on November 22, 2007 between Rexel, Kelium (the offeror and an indirect subsidiary of Rexel SA), Sonepar, and Hagemeyer, Rexel acquired control of Hagemeyer N.V, a Netherland based company operating as a worldwide distributor of electrical supplies. This offer was for all of the outstanding shares of Hagemeyer, with a par value of 1.20 euro each, at a price of €4.85 per share (with coupon) and all of the subordinated convertible bonds issued and outstanding bearing interest at a fixed rate of 3.50% and maturing in 2012. All of the required authorizations under the antitrust regulations have been obtained, subject to the divestiture of the Electrical products Distribution business of Hagemeyer in Ireland.

Following the offer period which ended on March 4, 2008 and the additional post closing acceptance period ended on March 25, 2008, Rexel, through Kelium holds, as of June 30 2008, 583,174,969 of Hagemeyer's outstanding shares, or 98.81% of the ordinary shares of Hagemeyer and 100% of the convertible bonds issued by Hagemeyer, i.e; 133.965 bonds.

Kelium holding more than 95% of the Shares and 100% of the bonds, Kelium requested delisting of the shares and convertible bonds of Hagemeyer in accordance with Dutch law. The delisting therefore occurred on April 21, 2008. Furthermore, Rexel has initiated a takeover squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining Shares not tendered and not held by Kelium or Hagemeyer.

3.1.1 Assets disposals to Sonepar

Concurrently, on October 23, 2007, Rexel entered into an agreement with Sonepar in relation to the transfer to Sonepar of the businesses of Hagemeyer (other than those of its ACE "Agencies/ Consumer Electronics" division) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China, and Southeast Asia (Malaysia, Thailand and Singapore), as well as of six branches located in Germany (the "Sonepar Entities").–This agreement indicates that the transfer of control of Hagemeyer's businesses to Sonepar takes place from the completion of the offer as managing directors of the related entities can be appointed upon nomination by Sonepar. In addition, upon transfer of such businesses to Sonepar, independent members of the Management Board of Hagemeyer (Hold Separate Manager and Trustee) have been appointed and are in charge of supervising these entities, in particular respect of competition rules in Hagemeyer's activities and manage their divestiture process.

This agreement provides for a formula for calculating the prices of these disposals, based on the same sales and EBITDA (calculated on the basis of the financial statements for the 2007 financial year) multiples as those on which the price of the tender offer is based. Besides, this divestiture price shall be increased by (i) the aggregate arrangement fees after tax paid by Rexel for financing the acquisition of Hagemeyer's entities transferred to Sonepar and (ii) a notional interest charge at Euribor + 1% after tax applied to the equity value for such entities.

In June 2008, Rexel entered into agreements with Sonepar to dispose to Sonepar the non-retained Hagemeyer entities. These agreements provide for limited warranties from Rexel to the extent permitted by law. These transactions were completed as at June 30, 2008. The overall selling price of the divestitures amounted to €731.5 million in aggregate, including arrangement fees and a notional interest charge for €18.6 million recorded as a reduction of financial expenses. This selling price was comprised of €55.8 million related to the divestiture of six branches in Germany as part of an asset deal entered into with Sonepar in June 2008. Pursuant to the asset purchase agreement, the selling price of these assets was determined on a provisional basis and is subject to an adjustment, estimated to €1.0 million at June 30, 2008 and based on the final working capital transferred to Sonepar. Concurrently with these disposals, loans granted to the Sonepar Entities by Hagemeyer were redeemed when closing these transactions in an amount of €852.6 million. These non retained Hagemeyer entities were accounted for as "assets held for sale" on the balance sheet at the acquisition date.

Hagemeyer retained activities have been consolidated as from March 31, 2008.

3.1.2 Other transactions with Sonepar

In addition to the disposal of the Sonepar Entities, the agreement between Rexel and Sonepar provided that Rexel was to transfer to Sonepar its assets and businesses located in Germany and that Sonepar was to transfer to Rexel its assets and businesses located in Sweden. The price of the said transfers was calculated in the same manner and on the basis of the same formula as the pricing for the transfers to Sonepar of certain assets of Hagemeyer. In that respect, Rexel and Sonepar completed these transactions in June 2008.

Disposal of Rexel's business in Germany

On June 20, 2008, Rexel entered into a stock purchase agreement with Sonepar regarding the sale of Rexel Deutschland Gmbh, the company which operated Rexel's activities in Germany prior to the Hagemeyer's transaction for a total consideration of €177.1 million. The sale was completed on June 30, 2008 with the effective transfer of the shares to Sonepar. Capital gain on disposal of Rexel Deutschland Gmbh amounted to €107.5 million before tax (see 6.1 Other income). Following the transfer of control of Rexel's business to Sonepar which was deemed from the completion of Hagemeyer offer, this company has been deconsolidated as from April 1, 2008 and was presented separately on line "Assets held for sale" as of March 31, 2008. As part of this agreement, Rexel provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax.

Acquisition of Sonepar's business in Sweden

On June 18, 2008, Rexel entered into a stock purchase agreement with Sonepar relating to the acquisition of Moel Aktiebolag and Storel Aktiebolag, two companies operating in Sweden. The total consideration paid for these acquisitions was € 86.3 million plus acquisition costs of SEK3.1 million (€0.3 million). Due to the late acquisition date, these companies have not been consolidated at June 30, 2008. These investments are accounted for according to IAS 39 provisions relating to investments available for sale and are presented as financial assets on the balance sheet. They will be consolidated as from July 1st, 2008. As part of this agreement, Sonepar provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax.

3.1.3 Allocation of the purchase price on a provisional basis

As of June 30, 2008, the preliminary allocation of the purchase price is as follows:

		June 30, 2008
Cash consideration for ordinary shares at €4,85 per share[1]…………………………..		2,827.0
Cash consideration for convertible bonds[2]………………………………………………..		266.1
Estimated acquisition costs………………………………………………………………………		52.7
Total cash consideration …………………………………………………………………		**3,145.8**
Fair value of assets disposed of to Sonepar, less costs to sell………………………….…………		(712.9)
Total cash consideration after assets disposal to Sonepar…………………………	**(1)**	**2,432.9**
Net book value of Hagemeyer net assets at March 31,2008………………….. [3]		1,156.7
less book value of historical goodwill and intangible assets[3]…………………………		(216.7)
Conversion of convertible bonds……………………………………………………..		110.9
Minority interests…………………………………………………………………………		(23.3)
Book value of assets acquired exluding acquired goodwill ………………………	**(2)**	**1,027.6**
Estimation of fair value adjustments		
Distribution networks…………………………………………………………………		191.2
Customer relationships ………………………………………………………………		48.9
Private labels …………………………………………………………………………		61.2
Supplier contracts for ACE division ………………………………………………		20.8
Properties ……………………………………………………………………………		19.6
Investment in associates step up …………………………………………………		5.1
Fair value adjustment of employee benefits liability……………………………..		(28.3)
Deferred income taxes on the above adjustments………………………………		(90.1)
Total fair value adjustments…………………………………………………………	**(3)**	**228.4**
Fair value of identifiable assets acquired…………………………………………..	**(2)+(3)=(4)**	**1,256.0**
Goodwill as at June 30,2008……………………………………………………..	**(1)-(4)**	**1,176.9**

(1) including ordinary shares acquired during the year ended December 2007 at an average price of € 4,73

(2) net of interests received for the period beginning on March 31, 2007 and ended on March 31, 2008

(3) excluding net assets transferred to Sonepar

3.1.4 Assets and liabilities acquired

(in millions of euros)	
Distribution networks	191.2
Other intangible assets	140.0
Tangible assets	141.0
Other financial assets	13.1
Other non current assets	154.4
Inventories	396.1
Trade accounts receivable	624.7
Other accounts receivable	76.5
Assets held for sale	1,599.2
Cash and Cash Equivalents	21.4
Minority interests	(23.3)
Interest bearing debt	(336.7)
Trade accounts payable	(547.2)
Provisions	(110.4)
Other liabilities	(371.1)
Net assets acquired excluding acquired goodwill	**1,968.9**
Purchased goodwill	1,176.9
Total cash consideration	**3,145.8**
Cash acquired	(21.4)
Outstanding acquisition costs	(23.5)
Shares and acquisition costs paid in 2007	(56.6)
Net cash outflow for Hagemeyer acquisition for the period	**3,044.3**

3.1.5 Assumptions and methods used to prepare the pro forma consolidated financial information

Pro forma income statement for the first semester 2008 reflect the impact of the following operations as if they had been completed as of January 1st, 2008: (i) the purchasing of all outstanding shares and convertible bonds of Hagemeyer, (ii) the disposals and asset swap agreed upon with Sonepar and (iii) the divestment of certain of Hagemeyer's activities in Ireland.

The assumptions and principles used for its preparation are disclosed in the section 20.2 of the Document de reference registered by the Autorité des Marchés Financiers on April 30, 2008 under number R.08-046.

The pro forma consolidated financial information for the period ended June 30, 2008 was prepared on the basis of the Group's condensed financial statements, with the following adjustments:

- inclusion of the results of businesses acquired within the context of the Hagemeyer offer, net of the transfers of assets to Sonepar and of the transfer of the electrical supplies distribution business of Hagemeyer in Ireland; taking into account the assets swaps with Sonepar (repurchase from Sonepar of its activities in Sweden and transfer to Sonepar of Rexel's activities in Germany). All of these operations have been considered as having been carried out as of January 1, 2008, based on the entirety of the shares and convertible bonds outstanding for the Hagemeyer offer;
- inclusion of additional depreciation and amortisation of identifiable tangible and intangible assets measured at fair value within the context of the contemplated allocation of the acquisition price of the assets;

- inclusion of the theoretical interest charge, as if the acquisition occurred on January 1, 2008, using the applicable interest rates over the relevant periods and based on the terms and conditions of the New Senior Credit Agreement described in note 11.1.1.
- inclusion of the impact of these adjustments on the tax charge based on the applicable tax rate in each country.

3.1.6 Reconciliation of Rexel consolidated income statement with the pro forma consolidated income statement

The Hagemeyer column in the table below reflects the impact of Hagemeyer entities excluding those that are to be transferred to Sonepar and the Electrical Distribution business of Hagemeyer in Ireland that is to be disposed of. This column also includes the effect of the disposal to Sonepar of Rexel historical operations in Germany, and the effect of the acquisition from Sonepar of its Swedish activities for the first half of 2008.

Other Adjustments include the effect of amortisation of intangible assets recognized through the purchase price allocation, as well as the theoretical interest charge, after tax.

(in millions of euros)	For the period ended June 30			
	Rexel (as reported)	**Hagemeyer**	**Other Operations related restatements**	**Pro forma**
Sales	**5,990.9**	**871.0**	**-**	**6,861.9**
Cost of sales	(4,522.8)	(671.2)	-	(5,194.0)
Gross profit	**1,468.1**	**199.8**	**-**	**1,667.9**
Distribution and administrative expenses	(1,133.1)	(187.9)	(3.0)	(1,324.0)
Operating income before other income and expense	**335.0**	**11.9**	**(3.0)**	**343.9**
Other income	118.5	-	-	118.5
Other expenses	(40.7)	(14.2)	-	(54.9)
Operating income	**412.8**	**(2.3)**	**(3.0)**	**407.5**
Share in results of associated companies	-	0.6	-	0.6
Net financial expenses	(83.0)	(0.3)	(11.1)	(94.4)
Net income before income tax	**329.8**	**(2.0)**	**(14.1)**	**313.7**
Income tax	(70.4)	7.4	(2.6)	(65.6)
Net income	**259.4**	**5.4**	**(16.7)**	**248.1**

3.2 Other acquisitions

For the first semester ended June 30, 2008, Rexel completed the following acquisitions, which are not deemed to be material on the financial situation of the company. As a result, neither sales nor profit and loss have been provided for the combined entity, had these acquisitions been effective on January 1, 2008.

On January 31, 2008, General Supply & Services Inc., an indirect subsidiary of Rexel, acquired Beacon Electric Supply, a distributor of electrical equipment based in San Diego. This company has been consolidated as from this date. The acquisition price for the shares amounts to US$23.1 million (€15.1 million), including an earn-out payment of US$3.0 million (€2.0 million) due in 2009, and acquisition costs for US$0.4 million (€0.3 million). On June 30, 2008 goodwill on acquisition determined on a provisional basis amounted to €10.5 million.

On January 31, 2008 Rexel Group Australia Pty.Ltd acquired assets of ABK Electrical Wholesale Pty.Ltd, a distributor of electrical equipment. This company has been consolidated as from this date. The acquisition price for the acquired assets and liabilities amounted to AUD4.7 million (€2.8 million) including an earn-out payment of AUD2.8 million (€1.7 million) due in 2008 and in 2009, and acquisition costs for €0.2 million. Goodwill on acquisition determined on a provisional basis amounted to €2.3 million as of June 30, 2008.

4.| SEGMENT REPORTING

The Group operates in the business of the distribution of electrical products, which represents its only business segment. Segment information is therefore presented in respect to the Group's geographical segments, which are the primary basis of segment reporting. The geographical segments presented under IFRS have been determined by reference to the criteria defined by IAS 14.

The Group has determined the geographical segments to be the continents where the Group operates. Operations in each continent present similar business model characteristics. Economic and market conditions in the sector are usually comparable on a continent level. The segment "Other operations" includes the ACE division, operations in Latin America and holding companies as well as eliminations of intercompany sales.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment information for the periods ended June 30, 2008 and June 30, 2007

(in millions of euros)	Europe		North America		Asia Pacific		Other operations		Consolidated	
	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported
Sales………………………………	3,249.2	2,493.8	2,140.6	2,409.0	448.4	372.2	152.7	29.8	5,990.9	5,304.8
Operating income before other income & expenses…	194.4	184.0	108.8	121.6	31.4	24.6	0.4	(2.2)	335.0	328.0

5.| DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended June 30 2008	2007
Personnel costs (salaries & benefits)	665.8	600.0
Building and occupancy costs	126.9	105.0
Other external costs	280.8	233.6
Depreciation expense	46.1	34.1
Bad debt expense	13.5	14.1
Total distribution and administrative expenses	**1,133.1**	**986.8**

6.| OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended June 30 2008	2007
Capital gains	118.4	2.4
Release of provisions	0.1	1.6
Total other income	**118.5**	**4.0**
Restructuring costs	(22.2)	(3.7)
Loss on non-current assets disposed of	(0.3)	(0.2)
Costs related to transactions following the IPO	(17.5)	(25.5)
Goodwill impairment	-	(4.0)
Other operating expenses	(0.7)	(1.8)
Total other expenses	**(40.7)**	**(35.2)**

6.1 Other income

Capital gains

For the period ended June 30, 2008, capital gains include a €107.5 million gain related to the disposal of Rexel historical business in Germany to Sonepar (as described in note 3.1 Hagemeyer Acquisition). The selling price net of costs was €177.0 million.

In addition, Rexel entered into a sale and leaseback agreement with Gecina Group, a real estate investor, relating to seven logistics platforms which resulted in a capital gain of €10.0 million. The selling price amounted to €62.9 million net of selling costs.

For the period ended June 30, 2007, capital gains were mainly composed of gain on disposals of commercial buildings in France.

6.2 Other expenses

Restructuring costs

For the period ended June 30, 2008, restructuring and integration costs were €22.2 million and related to :

- Restructuring and integration of Hagemeyer entities for €12.2 million, notably due to the closure contemplated of headquarters in the Netherlands.
- Restructuring programmes in the United States for €7.0 million. These programmes aim at reducing the number of regional divisions of both banners (Gexpro and Rexel.Inc.), streamlining the branches network and mutualising logistics between the two banners in the North East. In addition, integration costs of Gexpro (re-branding and implementation of synergies) were expensed for €1.3 million.
- Other restructuring programmes mainly in Canada, France, Ireland, Australia and New-Zealand.

For the period ended June 30, 2007, restructuring costs amounted to €3.7 million and mainly related to a reorganization plan in Germany for €1.8 million and Gexpro integration costs for €1.6 million.

Costs related to transactions following the IPO

For the period ended June 30, 2008, the impact of the costs related to transactions following IPO concerns the free shares scheme implemented at the time of the IPO for €17.5 million.

For the period ended June 30, 2007, impact of the employee offering and the free shares scheme was €7.8 million and €17.7 million respectively.

Goodwill impairment

In the first semester of 2007, goodwill impairment amounted to €4.0 million and concerned the investment in the company Kontakt Systeme in Switzerland and resulted from the disposal of the connectic and telematic businesses.

Other operating expenses

For the period ended June 30, 2007, other costs consisted primarily of a £1 million (€1.5 million) charge related to the resolution of a litigation in the United Kingdom.

7.| FINANCIAL EXPENSES (NET)

(in millions of euros)	For the period ended June 30 2008	2007
Expected return on empoyee benefit plan assets …………………	18.4	10.4
Interest income on cash and cash equivalents ……………………	1.4	2.2
Interest income on receivables and loans …………………………	1.7	1.6
Gain on financial instruments held for trading ……………………	6.1	7.0
Other financial income………………………………………………..	12.3	0.2
Financial income …………………………………………………	**39.9**	**21.4**
Interest expense on financial debt (stated at amortised costs) : …	(106.0)	(109.6)
- Shareholders' loan…………………………………………..	-	*(13.0)*
- Senior debt…………………………………………………………	*(81.0)*	*(46.1)*
- Senior Subordinated Notes ……………………………………………	*(0.7)*	*(17.8)*
- Securitisation ………………………………………………………	*(23.3)*	*(25.3)*
- Other financing ……………………………………………………...	*(5.5)*	*(1.9)*
- Finance leases ………………………………………………………	*(2.2)*	*(2.1)*
- Amortisation of transaction costs ……………………..……………	*(21.6)*	*(3.4)*
- less arrangement fees and interests recharged to Sonepar (1)……	*28.3*	-
Reclassifying income gains and losses on the preceding derivative instruments deferred in equity…………………………	5.8	5.5
Gain (loss) on hedging (foreign exchange rate)……………. …….	(2.2)	0.2
Amounts reclassified from equity to profit and loss……………. …	-	0.1
Foreign exchange gain (loss) on financial liabilities (2)……………	9.4	(5.2)
Interest expense on borrowings ………………………………	**(93.0)**	**(109.0)**
Write-down of transaction costs (3)………………………………	(11.0)	(74.5)
Premium for early redemption of the Senior Subordinated Notes (4)……………………..………………………………..	**-**	(89.6)
Refinancing costs …………………………………………………	**(11.0)**	**(164.1)**
Interest cost of employee benefit obligation and other long-term liabilities (discounting effect) ……..…...………………….	(18.8)	(10.8)
Change in fair value of commodity derivatives ……………………	**-**	(0.4)
Financial expenses (other) ………………………...…………………	(0.1)	(0.3)
Other financial expenses ………………………………………	**(18.9)**	**(11.5)**
Financial expenses (net)	**(83.0)**	**(263.2)**

(1) According to the Agreement with Sonepar, fees and interests for respectively €18.3 and €10.0 million before tax (€18.6 million net of tax as described in note 3.1.1).

(2) Including a €7.8 million non recurrent exchange gain arising from the settlement of loans granted to the Sonepar entities.

(3) In 2008, write-down of transaction costs related to the 2007 Senior Credit Agreement. In 2007, write down of transaction costs related to 2005 Senior Credit Agreement and Senior Subordinated Notes in connection with the IPO.

(4) Early redemption premium of the Subordinated Notes in connection with the Group refinancing at the time of the IPO.

8.| INCOME TAX

Income tax for an intermediate period is calculated based on the expected year-end tax rate, i.e by applying the average estimated tax rate for the year to the intermediate income before taxes. When different tax rate applied for capital gains, then a separate rate is applied to these capital gains in the relevant period.The effective tax rate for the period ended June 30, 2008 is 21.4%, compared with 43.5% on June 30, 2007.

For the period ended June 30, 2008, income tax expense includes the effect of the non taxable gain related to the disposal to Sonepar of Rexel business in Germany (as described in note 3) for €107.5 million. Excluding this non recurring transaction, the effective tax rate would have been 31.1%.

For the period ended June 30, 2007, the effective tax rate was 43.5% and the income tax expense included the non-deductible costs related to the free shares scheme, recognised during the fiscal year 2007.

9.| EARNINGS PER SHARE

Information on the earnings and number of ordinary shares included in the calculation is presented below:

	For the period ended June 30	
	2008	**2007**
Net income attributed to ordinary shareholders (*in millions of euros*)..	258.7	19.0
Weighted average number of ordinary shares (*in thousands*)………..	255,547	185,974
Basic earnings per share (*in euros*) ………………………………….	**1.01**	**0.10**
Net income attributed to ordinary shareholders (*in millions of euros*)..	258.7	19.0
Average number of balanced shares in circulation (*in thousands)* ……..(1)	255,547	185,974
Potential dilutive ordinary shares (*in thousands*)……………………….	*5,254*	1,781
- out of which are share options (in thousands) ……………………	*1,021*	*1,477*
- out of which are free shares (in thousands) ……………………… (2)	*4,233*	*304*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (*in millions*)…………..	260,801	187,754
Fully diluted earnings per share (*in euros*) ……………………………	**0.99**	**0.10**

(1) After split in two of the value following the decision at the General meeting of April 4, 2007

(2) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance

10.| SHARE BASED PAYMENTS

On June 23, 2008, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1.541.720 shares. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010), these being restricted during an additional two year period (June 24, 2012), or four years after the granting date with no restrictions subsequently. The issuance of these free shares is subject to the service and performance conditions of the schemes.

Vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Date of delivery	Maximum number of shares attributed June 23, 2008
Members of Group Executive Committee	Two year service condition from grant date and performance conditions based on: (i) 2008 EBITDA, (ii) 2009 EBITDA and (iii) 2009 ratio Net Debt to EBITDA.	24 June 2010	241.211
		24 June 2012	217.920
Other key managers	Two year service condition from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2009 EBITDA margin	24 June 2010	280.698
		24 June 2012	801.891
Total			1.541.720

The fair value of Rexel's shares granted to employees is estimated to €7.88 per share, based upon the stock price at grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

This plan being initiated late in June 2008, no related expense was charged to income for the period ended June 30, 2008 as the related amount was not material.

For the period ended June 30, 2008, IFRS 2 expense relating to plans issued in 2007 concurrently with the IPO and qualified as equity settled transactions, amounted to €17.5 million and is accounted for on the line "Other charges" (see note 6.2) in consideration of the non-recurring nature of the IPO. No tax effect has been recorded for this expense since these plans do not qualify for a tax deduction under French regulation and the Company did not formally elect for the buy back of its own shares on the stock market to be remitted to the beneficiaries.

11.| FINANCIAL LIABILITIES

This note provides information about financial liabilities as of June 30, 2008. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

11.1 Net financial debt

(in millions of euros)	As of June 30,2008			As of December 31,2007		
	Current	Non-current	Total	Current	Non-current	Total
Senior Subordinated Notes and indexed bonds	-	-	-	54.8	-	54.8
Senior credit facility	250.0	2,633.7	2,883.7	-	960.6	960.6
Securitisation	-	942.1	942.1	-	1,012.1	1,012.1
Bank loans	8.5	6.0	14.5	5.9	5.0	10.9
Bank overdrafts and other credit facilities (1)	130.1	-	130.1	45.1	-	45.1
Finance lease obligations	20.5	27.0	47.5	16.9	37.5	54.4
Less transaction costs	-	(47.0)	(47.0)	-	(16.1)	(16.1)
Carrying amount of liability	***409.1***	***3,561.8***	***3,970.9***	***122.7***	***1,999.1***	***2,121.8***
Total financial debt and accrued interest			**3,970.9**			**2,121.8**
Cash and cash equivalents (2)			(823.9)			(515.2)
Net financial debt			**3,147.0**			**1,606.6**

(1) Including accrued interest of €9,1 million as of June 30, 2008 (€4,5 million as of December 31, 2007)

(2) including treasury investment funds, as required by the Group's policy which requires funds to be highly liquid, easily convertible to a known amount of cash and subject to a negligible risk of loss.

11.1.1 New Senior Credit Agreement

Within the context of the tender offer initiated in The Netherlands by Kelium (an indirect subsidiary of Rexel) on December 24, 2007 relating to 100% of the securities of Hagemeyer, Rexel, as borrower and guarantor, and Kelium, as borrower, entered into a €5.4 billion credit agreement on December 19, 2007 with Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank plc, ING Bank NV, Natixis and The Royal Bank of Scotland Plc, as Mandated Lead Arrangers and Original Lenders, and Calyon, as Agent. The New Senior Credit Agreement was entered into to finance Hagemeyer acquisition, refinance the entirety of the Group's debt under the 2007 Senior Credit Agreement entered into on February 15, 2007, refinance the Hagemeyer group's debt and finance the general operating requirements of Group companies. The New Senior Credit Agreement includes:

- Facility A, which is a multi-currency partly redeemable credit facility with a five-year term as from the execution date of the New Senior Credit Agreement (ie as from December 19, 2007), in an amount of €3.1 billion which is intended to refinance Rexel's existing debt (in principal, interest and premiums) under the 2007 Senior Credit Agreement, finance the acquisition of the Hagemeyer securities, ensure the refinancing of Hagemeyer's debt and that of its subsidiaries and pay the expenses and charges relating to Offer. This facility may be subject to further draw-downs in order to finance the repurchase of the outstanding Hagemeyer securities as at the publication date of this condensed Financial statement. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been repaid for an amount of €571.0 million as of June 30, 2008, and €212.0 million have been repaid on July 1st, 2008.

- Facility B, which is a multi-currency revolving credit facility ("Revolver") with a five-year term as from the execution date of the New Senior Credit Agreement, in a maximum amount of €600 million which is intended to partially refinance Rexel's existing debt (in principal, interest and premiums) under the 2007 Senior Credit Agreement, finance the general operating requirements of Group companies, in particular working capital requirements, and finance certain acquisitions that meet the criteria set forth in the New Senior Credit Agreement;
- Facility C, which is a multi-currency credit facility with a six-month term as from the settlement and delivery date of the Offer, i.e., will mature on September 14, 2008 (with may be extended for an additional six-month term, i.e. at the latest on March 14, 2009) in a maximum amount at inception of €1.2 billion reduced to €737 million. Facility C is reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility C has been fully repaid as of June 30, 2008 with the proceeds resulting from the asset sales agreed with Sonepar;
- Facility D, which is a multi-currency credit facility with a two-year term as from the settlement and delivery date of the Offer and will mature on March 14, 2010, in a maximum amount of €500 million. Facility D is reserved for the financing of the acquisition of Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility D must be repaid, in particular, with the proceeds of new securitization programs to be set up by the Group. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been partly repaid for an amount of €92 million as of June 30 2008, and €38.0 million were reimbursed on July 1st, 2008.

Under this agreement, Kelium and certain of its subsidiaries, Rexel Distribution, Rexel Inc, Rexel North America, International Electrical Supply Corp. and General Supply & Services are considerate as obligors.

As of June, 30 2008, facilities under the New Senior Credit Agreement are as follows:

Credit Facility (Term Loan)	**Amount authorized**	**Borrower**	**Balance due as of June 30, 2008**	**Currency**	**Balance due as of June 30, 2008**
	(in millions of euros)		*(in millions of local currency)*		*(in millions of euros)*
Facility A	3,100.0	Rexel Distribution	1,000.0	SEK	105.6
		Rexel Distribution	180.0	CHF	112.1
		IESC*	772.0	USD	489.7
		Rexel North America Inc	320.0	CAD	200.7
		Kelium SAS and Rexel Distribution	1,573.7	EUR	1,573.7
Facility B	600.0	Kelium SAS and other obligors	-	EUR	-
Facility C	737.0	Kelium SAS	-	EUR	-
Facility D	500.0	Kelium SAS	401.9	EUR	401.9
TOTAL	**4,937.0**				**2,883.7**

* New Borrower

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the LIBOR/STIBOR rate when funds are made available in currencies other than the euro, or the EURIBOR rate when funds are made available in euro, plus (ii) the cost relating to lending banks' reserve requirements and fee payments and (iii) the applicable margin.

The applicable margin is equal to 1.75% in relation to facilities A and B.
From December 31, 2008 it will vary in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

Pro Forma Leverage Ratio	Margin
Greater than 4,50:1	2.00%
Greater than or equal to 4,00:1	1.75%
Greater than or equal to 3,50:1	1.40%
Greater than or equal to 3,00:1	1.10%
Greater than or equal à 2,50:1	0.90%
Less than 2,50:1	0.75%

The applicable margins for the other facilities are equal to 0.80% until May 1st, 2008 (and after 1.20%) for facility C and 1.00% until March 14, 2009 (2.00% after) for facility D.

As a result, as of March 14, 2008, applicable margins were 1.75% for facilities A and B, 0.80% for facility C and 1.00% for facility D.

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to the adjusted consolidated net debt relative to the adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's financial statements and:

- Includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- Includes proceeds relating to commodity price derivatives to hedge exposure to the price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- Excludes expenses relating to employee profit sharing and any share based payments or the grant of share subscription options;
- Excludes restructuring costs relating to the integration of Hagemeyer; and
- Is adjusted to reflect the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

- less transaction costs, intra-group loans and amounts payable under Facility C;
- plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;
- plus accrued interest, including capitalized interest but excluding interest accrued on intra-group loans;
- minus cash and cash equivalents.

Commitment

Under the terms of the New Senior Credit Agreement, Rexel must, at each of the dates indicated below, maintain, at the end of each rolling twelve-month period indicated below, a Pro Forma Leverage Ratio below the following levels:

Date	Pro Forma Leverage Ratio
June 30, 2008	4.90:1
December 31, 2008	4.75:1
June 30, 2009	4.75:1
December 31, 2009	4.50:1
June 30, 2010	4.25:1
December 31, 2010	3.90:1
June 30, 2011 and after	3.50:1

As of June 30, 2008, this ratio was 3.63, thus satisfying the covenant.

The New Senior Credit Agreement contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to the New Senior Credit Agreement, as well as certain subsidiaries, to pledge their assets, carry out mergers or restructuring programs, borrow or lend money, provide guarantees or make certain investments, as well as provisions concerning acquisitions by Group companies.

The New Senior Credit Agreement allows partial or total acceleration of repayment upon the occurrence of certain events, including in the case of a payment default under the New Senior Credit Agreement, failure to comply with the Indebtedness Ratio set forth above, payment defaults or acceleration of other financial debt of certain Group entities (above specified amounts), or other events that are likely to have a material adverse effect on the payment obligations of the borrowers and the guarantors or on their ability to comply with the Pro Forma Leverage Ratio as set forth above.

If Rexel loses indirect control over Hagemeyer, or if Kelium loses direct control over Hagemeyer (control being defined, in such cases, as the holding of more than 50% of the share capital (*geplaatst kapitaal*) of Hagemeyer), a change of control would be considered as having occurred for the purposes of the New Senior Credit Agreement and, as a result, any lender would be entitled to require early payment of its share in the credit agreement.

A pledge over the Kelium shares, on the one hand, and a pledge over the Hagemeyer shares and convertible bonds that Kelium hold after the offer, on the other hand, has been granted by Rexel Distribution and Kelium respectively, under the New Senior Credit Agreement. Rexel and Rexel Distribution guarantee, on a joint basis, all of the obligations of their respective subsidiaries. In addition, certain U.S. and Canadian entities, in addition to Hagemeyer, guarantee the obligations of Rexel in accordance with applicable laws.

11.1.2 Securitisation programmes

Securitisation programme features are summarised in the table below:

Programme	*(in millions of)* Currency	Commitment	Amount drawn on June 30, 2008	*(in millions of euros)* Amount of receivables pledged on June 30, 2008	Outstanding amount on June 30, 2008	Outstanding amount on December 31, 2007	Maturity date	Rate
Europe - Australie	EUR	600.0	562.5	721.0	562.5	596.0	20/11/2012	BT & Euro Commercial paper+0,48%
Etats-Unis	USD	470.0	470.0	451.6	298.1	319.2	11/03/2012	US commercial paper+0,33%
Canada	CAD	140.0	130.0	142.1	81.5	96.9	13/12/2012	Canadian commercial paper+0,45%
TOTAL				**1,314.7**	**942.1**	**1,012.1**		

These programmes are subject to certain covenants concerning the quality of the receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency, and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables).

As of June 30, 2008 Rexel had satisfied all of these covenants.

11.1.3 Repayment of the €45.7 million indexed bond on May 11, 2008

In 1998, Rexel Distribution entered into a €45.7 million (initially FRF300 million) bond issuance comprising 300.000 zero-coupon bonds with a nominal value of €152.45, redeemable on May 11, 2008. In order to protect against fluctuation of the market value of the bond and ensure full redemption of the principal of the bond issue, Rexel Distribution entered into a swap offering this protection in exchange for the quarterly payment of interest corresponding to three-month EURIBOR minus 0.08%. On May 11, 2008, Rexel Distribution redeemed this bond issue at €183.8354 per bond, i.e., a total amount of €55.75 million. Under the swap implemented, Rexel Distribution received an amount of €9.5 million corresponding to the difference between the last interest payment at the rate of three-month EURIBOR minus 0.08% and the fair value of the swap. Therefore, the net amount paid by Rexel under the redemption of the bond issue amounted to €45.7 million, corresponding to the nominal value of the bond issuance.

11.2 Repayment schedule

The repayment schedule of financial debt is as follows:

(in millions of euros) ***Due within***	As of June 30, 2008	As of December 31, 2007
One year (1)………	401.1	119.2
Two years………	541.4	4.8
Three years………	256.0	6.7
Four years………	563.5	0.3
Five years………	2,197.9	1,983.1
Thereafter………	11.0	7.7
Total ………	**3,970.9**	**2,121.8**

(1) Including €250.0 million of repayment made on July 1st, 2008 following completion of disposal of Sonepar entities.

11.3 Change in net financial liabilities

As of June 30, 2008 and June 30, 2007, change in net financial liabilities is as follows:

(in millions of euros)		2008	2007
At December 31, ………		**1,606.6**	**3,901.0**
Net change in shareholders' loan………		***-***	***(1,039.9)***
Early repayment of Senior Subordinated Notes………		-	(600.0)
Reimbursement of Senior Credit Agreement 2005………		-	(1,604.8)
Subscription of Credit Agreement 2007………		-	1,296.4
Reimbursement of Senior Credit Agreement 2007………	*(1)*	(930.0)	-
Re-financing of Hagemeyer pre-acquisition debt………	*(1)*	(260.0)	-
Subscription of Credit Agreement 2008………	*(1)*	4,308.6	-
Reimbursement of Senior Credit Agreement 2008………	*(2)*	(1,400.0)	-
Transaction costs of Credit Agreement 2008………	*(3)*	(64.1)	-
Repayment of the 1998 Indexed bond………		(45.7)	
Other changes………		12.7	(18.7)
Net change in credit facilities………		**1,621.5**	**(927.1)**
Net change in securitisation………		23.3	3.9
Payment of finance lease liabilities………	*(4)*	(44.6)	(15.5)
Net change in financial liabilities………		***1,600.2***	***(938.7)***
Change in cash and cash equivalents ………		(313.5)	(250.5)
Foreign currency exchange discrepencies ………		(75.8)	(6.2)
Change in consolidation scope………	*(5)*	312.4	3.1
Amortisation of transaction costs………		32.6	77.9
Other changes………		(15.5)	(6.5)
At June 30, ………		**3,147.0**	**1,740.2**

(1) Refinancing of the 2007 Senior Credit Agreement and pre-acquisition debt of Hagemeyer

As of March 14, 2008, following the acquisition of Hagemeyer, the remaining amount due under Facility A of the 2007 Senior Credit Agreement, was entirely redeemed in advance for an amount of €930.0 million. At the same time, the multicurrency line of credit of the Hagemeyer Group, amounted to €281.1 million as of March 14, 2008, was entirely repaid and refinanced by an advance of treasury for an amount of €260 million.

These Credit Agreements were refinanced by drawings under the New Senior Credit Agreement for an amount of €4,312.0 million (€4,308.6 million converted at average rates as at June 30, 2008) , which is composed of a multicurrency credit facility A for an amount of €3,077.7 million, and two others credit facilities, C and D, for respectively €737 million and €493.9 million.

(2) Reimbursement of facilities under the New Senior Credit Agreement

On June 19, 2008, following the sale to Sonepar of non-retained Hagemeyer entities (as described in note 3.1 Hagemeyer Acquisition), Rexel repaid €1,400 million of the New Senior Credit Agreement, including the paying off of the Facility C for €737.0 million and partial reimbursement of Facility A and D for respectively €571.0 million and €92.0 million.

(3) Transaction costs

Transaction costs related to the New Senior Credit Agreement are presented in net change in credit facilities for an amount of €64.1 million.

(4) Payment of finance lease liabilities

Change in finance lease liabilities mainly includes repayment for an amount of €26.9 million of finance lease debt related to the disposal of seven lease contracts in France (see note 6.1).

(5) Change in consolidation scope

Change in consolidation scope includes the take-over of Hagemeyer indebtedness at acquisition date for an amount of €318.4 million less Germany debt for €6.0 million following the disposal of Rexel historical business in Germany (see note 3).

In the first semester of 2007, net change in credit facilities included the reimbursement of the Senior Subordinated notes of €600.0 million, the refinancing of the 2005 Senior Credit Agreement for an amount of €1.6 billion and the drawdown of a facility under the 2007 Senior Credit Agreement for an amount of €1.3 billion.

12.| MARKET RISKS AND FINANCIAL INSTRUMENTS

12.1 Interest rate hedging

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining around two-thirds of the net financial debt at fixed or capped interest rates and one-third at variable interest rates. In accordance with this policy, the Group has entered into euro-, US dollar-, Canadian dollar-, Australian dollar- and Swedish Krona- denominated interest–rate swap contracts, exchanging floating rates for fixed rates. It has also entered into US dollar, euros, Pound Sterling, and Canadian dollar- denominated cap and collars contracts. These derivatives mature between March 2008 and March 2011. It is the Group's intention to renew any of these swaps in order to hedge the variability of future interest expense related to its floating interest debt according to its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

Cash flow hedge derivatives

As of June 30, 2008, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Swaps paying fixed rate					
Euro	303.0	March 2010	1M Euribor	3.15%	10.4
US $	130.0	December 2008	3M Libor	4.95%	(0.8)
	185.0	September 2009	3M Libor	5.25%	(3.0)
	269.0	March 2010	3M Libor	4.64%	(3.7)
	150.0	December 2011	3M Libor	3.77%	0.8
Canadian $	112.0	March 2009	3M Libor	3.83%	(0.2)
	80.0	March 2010	3M Libor	4.02%	(0.4)
Swedish Krona	430.0	March 2010	3M Stibor	3.36%	1.5
Australian $	41.5	March 2010	3M Libor	6.10%	0.8
Total					**5.4**

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Premium share paid** *(in millions of euros)*	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Options - Plain vanilla caps						
US $	100.0	March 2009	0.8	3M Libor	5.00%	-
US $	365.0	September 2009	1.7	3M Libor	5.50%	-
Collars						
Euro	900.0	March 2011	0.8	3M Euribor	2,65%-4,50%	19.0
Pound Sterling	66.0	March 2011	0	3M Libor	3,75%-5,75%	1.6
Canadian $	126.0	March 2011	0.1	3M Libor	2,75%-5,00%	-
Total						**20.6**

Following the acquisition of Hagemeyer and in accordance with its interest rate hedging strategy, the Group entered into collars contracts in euros, Pound Sterling and Canadian dollars. At the subscription date, Rexel paid a premium for an amount of €0.9 million.

On June 30, 2008, the total notional amount of cash flow hedge swaps and cash flow hedge options were €959.8 million and €1,357.3 million, respectively.

The change in fair value of the cash flow hedge instruments for the period ended June 30, 2008 was recognised in shareholders' equity for an amount of €15.1 million (before tax).

Sensitivity to interest rate variation

As of June 30, 2008 an instantaneous rise of 1% in short-term interest rates on variable net debt would lead to an increase in interest expense estimated to €14.7 million on a yearly basis.

12.2 Hedging of fluctuations in foreign currency

Exchange exposure arises principally from external financing in currency other than the euro and in financing of/by Group entities of/by the Parent company in their local currency. In order to neutralise the exposure to the exchange rate risk, the positions in currencies other than the euro are systematically hedged with term contracts with duration generally between one and three months. The hedge contracts are renewed as necessary while exposure remains.

Fair value

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of June 30, 2008 were respectively € 555.1 million (€674.1 million forward sales and €119.0 million forward purchases) and €1.2 million. Change in fair value is accounting for in net financial expenses in order to neutralize exchange rate gain (loss) related to hedging transactions.

Financial debt per currency of repayment

(in millions of euros)	**Euro**	**US dollars**	**Canadian dollars**	**Australian dollars**	**Pound sterling**	**Swedish kronor**	**Other currency**	**Total**
Financial liabilities …………	2,032.6	774.6	272.8	130.9	106.4	195.1	458.5	3,970.9
Cash and cash equivalents.	(633.6)	(93.8)	(4.4)	(28.0)	(22.5)	(7.1)	(34.5)	(823.9)
Net financial position before hedging	**1,399.0**	**680.8**	**268.4**	**102.9**	**83.9**	**188.0**	**424.0**	**3,147.0**
Impact of hedge……………	547.0	(64.0)	7.5	(62.9)	(29.8)	(88.7)	(309.1)	-
Net financial position after hedging	**1,946.0**	**616.8**	**275.9**	**40.0**	**54.1**	**99.3**	**114.9**	**3,147.0**
Impact of a 1% increase of exchange rate		6.2	2.8	0.4	0.5	1.0	1.1	**12.0**

13.| LITIGATION AND CONTINGENCIES

13.1 Litigation

For the period ended June 30, 2008, the Group considers that the risk it will have to bear significant amounts as a result of non recurrent events or litigation is limited and that these proceedings will not have a material adverse effect on its financial situation or results. There was no significant evolution relating to mentioned litigation in consolidated financial statement as of December 31, 2007. The Group believes it has sound legal grounds to defeat this claim but cannot give assurance that its defense will ultimately prevail.

Litigations related to Hagemeyer's activities that Rexel has inherited are described below. The agreement between Rexel and Sonepar signed on October 23, 2007 provides certain arrangements regarding the allocation to the parties of damages resulting from these litigations.

Litigation regarding bankruptcy of CETECO

Since 1995, Hagemeyer has held, directly and indirectly, approximately 65% of the shares in Ceteco N.V., which was declared bankrupt in May 2000. In October 2003, Ceteco's bankruptcy receivers filed a lawsuit against Hagemeyer and the managing and supervisory board members of Ceteco in a Dutch court for the entire deficit in bankruptcy, currently estimated by the bankruptcy receivers at € 190 million, which includes a subordinated claim of Hagemeyer on Ceteco of € 42 million.

The CETECO claim is based on the allegation that the non-executive directors improperly supervised the executive directors while they mismanaged Ceteco, leading to its demise. The basis of the alleged liability is that three of these non-executive directors were members of Hagemeyer's Board of Management during the period of the alleged mismanagement.

In addition, and alternatively, the bankruptcy receivers allege that Hagemeyer, as a majority shareholder of Ceteco, breached a duty of care it owed to Ceteco and its creditors by, among other things, failing to intervene in time to prevent mismanagement at Ceteco. The bankruptcy receivers also claim that Hagemeyer has unjustly discharged Ceteco's Supervisory Board and Board of Management.

The damages in this tort claim are based on the loss suffered by Ceteco in certain countries. Any damages so recoverable in the tort claim will reduce the deficit in bankruptcy and therefore will reduce the amount of the first claim. It is currently expected that the aggregate claim of the bankruptcy receivers will not exceed €148 million.

One of Ceteco's creditors, Dresdner Bank Lateinamerika AG, claims damages from Hagemeyer in the amount of €14.5 million based on tort and alleging that Hagemeyer breached a duty of care to Dresdner Bank by failing to intervene in time to prevent mismanagement at Ceteco. The amount claimed forms part of the deficit in Ceteco's bankruptcy. Dresdner Bank has not commenced any formal court proceedings.

On December 12, 2007 the Utrecht district court rendered its judgment in the Ceteco litigation. The court allowed the claim of the bankruptcy receivers of Ceteco and ordered Hagemeyer as well as the former members of the Board of Management and the Supervisory Board of Ceteco to pay a still to be determined amount of damages and referred the parties to a separate proceeding to determine the amount of the damages. In addition Hagemeyer and the former members of Ceteco's Board of Management and Supervisory Board were jointly and severally ordered to make an advance payment of damages of €50 million. In the meantime Hagemeyer and the former members of Ceteco's Board of Management and Supervisory Board have appealed this judgment. The appeal suspends the enforceability of the judgment, including the advance payment and the commencement of the separate damage proceedings. On February 8, 2008, the bankruptcy receivers provisionally attached for an amount of €190 million the shares of certain of Hagemeyer N.V.'s directly held Dutch subsidiaries and intragroup receivables that were due on February 8, 2008 by these Dutch subsidiaries to Hagemeyer N.V. Hagemeyer appealed this decision. The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

CEF vs. Elektrotechnische Groothandel Bernard and others

One of Hagemeyer's competitors, CEF Holdings Ltd, started a new wholesale business in electrical materials in 1989 in the Netherlands. Subsequently, CEF Holdings claimed it suffered injury from a cartel maintained by, among others, the Dutch trade association of wholesale traders in electrical materials (the FEG) and all members of the FEG including (at that time) Elektrotechnische Groothandel Bernard B.V., one of Hagemeyer's Dutch subsidiaries. In March 1991, CEF Holdings lodged a complaint with the European Commission against, among others, FEG and all of its members. Subsequently, CEF City Electrical Factors B.V. instituted legal proceedings in February 1999 before the district court in Rotterdam against FEG, Technische Unie (the largest FEG member) and Bernard (the second largest FEG member) for damages in the amount of approximately €98 million exclusive of interest and costs, on the same factual basis.

In October 1999, the European Commission imposed a fine against FEG and Technische Unie because of cartel activities, which decision was confirmed by the European Court of Justice in September 2006. The European Commission did not fine Bernard and later explicitly closed the file on Bernard.

The proceedings before the Rotterdam district court initiated by CEF against FEG, Technische Unie and Bernard that were suspended pending the procedure before the European Court of Justice have been resumed with a hearing scheduled for November 10, 2008.

In 2006, CEF filed also claims against Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, claiming that these parties have restricted CEF's possibilities for recovery of its alleged damages and holding them liable for the resulting loss, if any.

In the context of the proceedings involving CEF and FEG, Technische Unie and Bernard, Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, CEF filed a provisional attachment claim with the Rotterdam district court at the end of 2005. In July 2006, the district court dismissed this claim based on the fact that one of the defendants (Technische Unie) had given a security covering the amount of damages claimed by CEF. CEF appealed this decision. On April 8, 2008, the Court of Appeal of the Hague dismissed CEF's claims to obtain the provisional attachment of certain assets of Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, based on the plaintiff's alleged failure to state a claim. The court only allowed CEF to provisionally attach Hagemeyer Nederland B.V.'s shares owned by Bernard for a total amount of €7 million and explicitly decided that any provisional attachment could not exceed this amount. CEF has not yet proceeded with such attachment nor has it appealed the decision of the Court of Appeal of the Hague during the time prescribed.

Furthermore, in March 2008, CEF initiated interim injunction proceedings before an Amsterdam court to prevent Hagemeyer N.V., ABN AMRO Bank N.V., Rexel, Kelium and Sonepar to be named in Hagemeyer's bankruptcy proceedings and to compel them to transfer €95 million to an escrow account to ensure the payment of CEF's claims. On April 17, 2008, the Amsterdam district court rejected all of CEF's claims and argued that the plaintiff failed to state a claim. CEF appealed this judgement.

The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

Belgian Tax Authorities vs. Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium received assessments for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of these assessments, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to €52.1 million. All assessments are being contested by Manudax Belgium.

The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

Arbitration regarding ABM

In 2001, Hagemeyer acquired ABM, a subsidiary in Spain. In connection with the transaction, it was agreed to make certain earn-out payments to the seller of ABM, contingent upon Hagemeyer's achievement of certain agreed adjusted and audited 2002 EBITDA levels. Hagemeyer determined that such agreed EBITDA levels were not achieved, and consequently no earn-out payment was made to the seller of ABM. The company's auditor at the time gave an unqualified opinion on the 2002 Spanish statutory accounts, which contractually formed the basis of the adjusted and audited 2002 EBITDA. The seller is however of the opinion that certain agreed EBITDA levels were achieved and accordingly claims an earn-out payment of €18 million, excluding contractual interest and expenses, currently estimated at € 7.6 million, which claim was upheld in an "expert determination" proceeding. The expert's decision has been submitted to arbitration. An arbitration award is expected late in 2008.

The Group believes it has sound legal grounds to defeat this claim but cannot give assurance that its defense will ultimately prevail.

13.2 Other commitment

On February 1st, Rexel signed an acquisition agreement to acquire a 73.5% ownership interest in the share capital of a Chinese company based in Suzhou, Suzhou Xidian Co., Ltd. This company specialises in industrial automation and Siemens low-voltage products. Rexel is entitled to increase its ownership interest to 100% in 2011.The acquisition price before adjustment is estimated at CNY51.4 million (€4.6 million). To date, completion of this acquisition, expected to occur in the second half of 2008, is subject to the usual conditions for this type of transaction and especially the approval of the Chinese authorities.

14.| SEASONALITY

The Group's business has only a small correlation with seasonal factors. The Group typically has slightly lower than average sales during the first semester (particularly in January and February), and slightly higher than average sales in the last semester (particularly in October and November).

15.| SUBSEQUENT EVENTS AS OF JUNE 30, 2008

In July 2008, Rexel completed the acquisition of several companies of which Egley Electrical Co Ltd (in New Zealand), Elektronish Groothandel B.V. (in the Netherlands) and Espace Elec SAS (in France) for respectively NZD13.5 million (€6.5 million), €11.9 million and €7.0 million.

On July 23, 2008, Rexel entered into an agreement to dispose its 25% investment in Bally Hong Kong Ltd to Bally International Ltd for an amount of CHF 11.9 million (€7.4 million). In addition, Rexel will receive a dividend for an amount of HK$19.0 million (€1.5 million) at completion of the transaction.

16.| QUARTERLY INFORMATION

Consolidated income statement

(in millions of euros)	For the quarter ended June 30 2008	2007
Sales	3,474.7	2,728.6
Cost of goods sold	(2,633.7)	(2,052.1)
Gross profit	**841.0**	**676.5**
Distribution and administrative expenses	(648.5)	(493.7)
Operating income before other income and expenses	**192.5**	**182.8**
Other income	111.2	3.2
Other expenses	(21.5)	(33.1)
Operating income	**282.2**	**152.9**
Financial income	28.2	11.6
Interest expense on borrowings	(58.2)	(33.9)
Refinancing related expenses	-	(164.1)
Other financial expenses	(13.0)	(6.0)
Financial expenses (net)	*(43.0)*	*(192.4)*
Net Income before income tax	**239.2**	**(39.5)**
Income tax	(42.3)	9.4
Net income	**196.9**	**(30.1)**
Attributable to:		
Equity holders of the parent	196.2	(30.3)
Minority interests	0.7	0.2
Average number of ordinary shares in circulation *(in thousands)*	255,548	245,198
Average number of shares used for the diluted earnings per share calculation *(in thousands)*	260,802	245,198
Earnings per share:		
Basic earnings per share (*in euros*)	0.77	(0.12)
Fully diluted earnings per share (*in euros*)	0.75	(0.12)

Consolidated cash flow statement

(in millions of euros)	Note	For the quarter ended June 30 2008	2007
Cash flows from operating activities			
Operating income		282.2	152.9
Depreciation, amortisation and impairment of assets		28.0	21.3
Employee benefits		(2.6)	(1.0)
Change in other provisions		7.9	(3.1)
Other non-cash operating items		(106.0)	24.3
Interest paid		(51.8)	(110.9)
Income tax paid		(33.2)	15.8
Operating cash flows before change in working capital requirements		*124.5*	*99.3*
Change in inventories		36.8	(57.5)
Change in trade and other receivables		(131.7)	(114.3)
Change in trade and other payables		141.4	172.0
Changes in other working capital items		(20.0)	(11.8)
Change in working capital		*26.5*	*(11.6)*
Net cash from operating activities		151.0	87.7
Cash flows from investing activities			
Acquisition of property, plant and equipment		(26.1)	(17.9)
Proceeds from disposal of property, plant and equipment	*6*	26.4	2.2
Acquisition of subsidiaries, net of cash acquired	*3*	(224.7)	(9.1)
Proceeds from disposal of subsidiaries, net of cash disposed of		909.3	3.1
Change in long-term investments		853.6	0.3
Net cash from investing activities		1,538.5	(21.4)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	1,012.8
(Repurchase) / Disposal of treasury shares		(4.0)	(2.7)
Net change in credit facilities and other financial borrowings	*10*	(1,371.6)	(901.8)
Net change in securitisation	*10*	36.2	43.6
Payment of finance lease liabilities	*10*	(20.7)	(8.5)
Dividends paid		(94.4)	(0.2)
Net cash from financing activities		(1,454.5)	143.2
Net increase in cash and cash equivalents		235.0	209.5
Cash and cash equivalents at the beginning of the period		595.7	507.5
Effect of exchange rate changes on cash and cash equivalents		(6.8)	2.3
Cash and cash equivalents at the end of the period		823.9	719.3

Segment information for the quarter ended June 30, 2008

(in millions of euros)	Europe		North America		Asia Pacific		Other operations		Consolidated	
	2008	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported
Sales………………………………	2,005.2	1,263.0	1,087.5	1,244.0	246.1	205.7	135.9	15.9	3,474.7	2,728.6
Operating income before other income & expenses…	110.9	96.8	62.0	72.1	19.2	14.9	0.4	(1.0)	192.5	182.8

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche 11, allée de l'Arche
92037 Paris-La Défense Cedex

Commissaire aux Comptes Membre de la compagnie régionale de Versailles

Period from January 1 to June 30, 2008

Statutory Auditor's review report on first half-year financial information for 2008

To the Shareholders,

In our capacity as statutory auditors and in accordance with articles L. 232-7 of French company law and L. 451-1-2 III of French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Rexel, for the period from January 1 to June 30, 2008, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the executive board. 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 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 can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than can be obtained from an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to Interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our limited review.

We have nothing to report on the fairness and consistency of this information with the condensed half-yearly financial statements.

Paris-La Défense, July 30, 2008

The Statutory Auditors

KPMG Audit
Hervé Chopin

ERNST & YOUNG Audit
Pierre Bourgeois
Jean Bouquot

IV. Responsibility for the interim report

Person responsible for the half-year report

Mr. Jean-Charles Pauze, Chairman of the Management Board of Rexel.

Responsibility statement

« I hereby certify, to my knowledge, that the condensed consolidated interim financial statements contained in this interim report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities and financial position of the Group at June 30, 2008, and that the present half-year report provides a fair view of informations required by the *Autorité des Marchés Financiers* General Regulations, and in particular Article 222-6 thereof.

Jean-Charles Pauze
Chairman of Management Board of Rexel