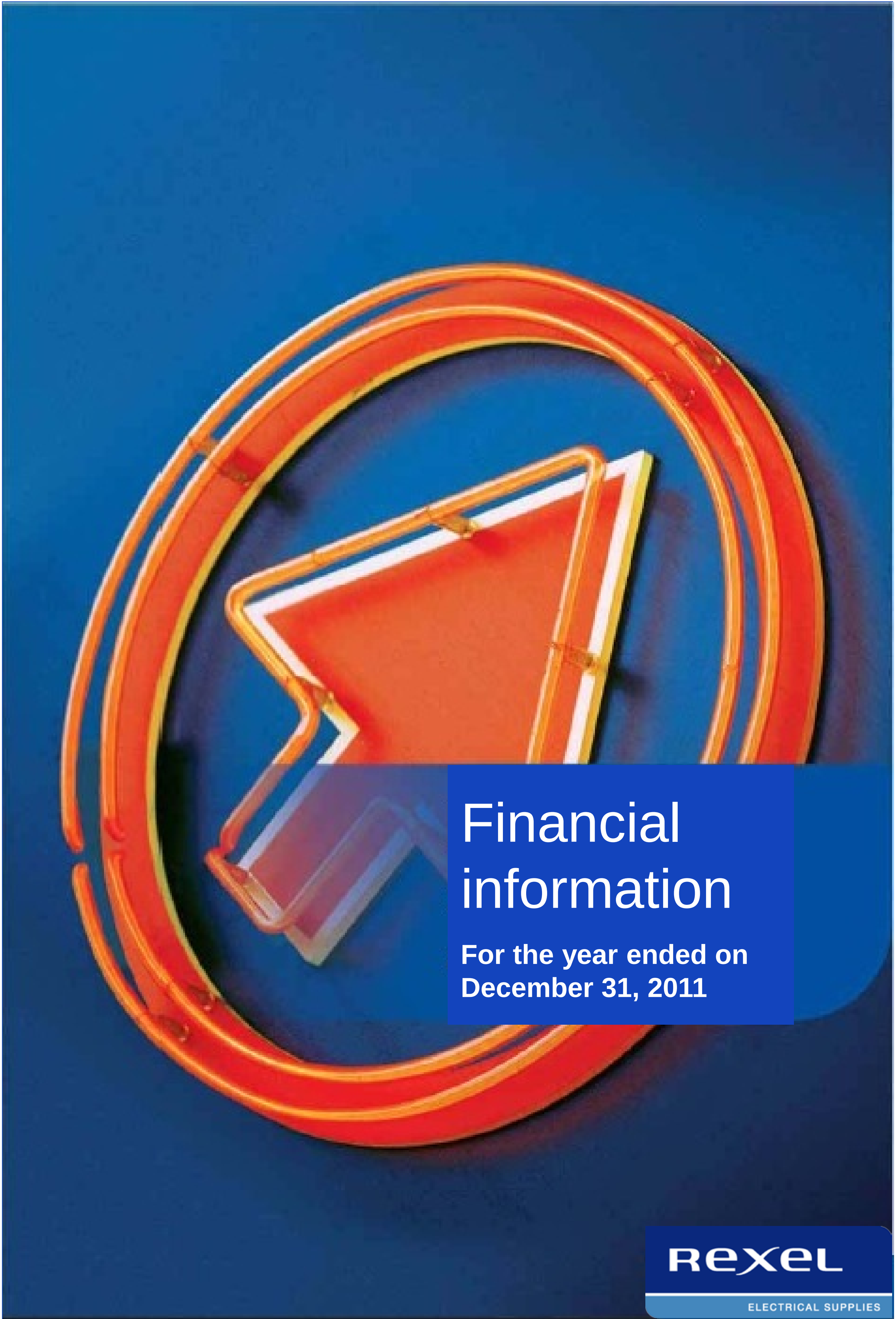

Financial information

For the year ended on December 31, 2011

REXEL
ELECTRICAL SUPPLIES

Société Anonyme with Management and Supervisory Boards
with share capital of €1,344,098,795
Head office: 189-193, boulevard Malesherbes
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Financial information for the year ended December 31, 2011

I. Activity report

This document is a free translation into English of the activity report for the year ended on December 31, 2011 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 year ended on December 31, 2011, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 (herein after referred to as "the Group" or "Rexel").

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

1.1 | Financial position of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation is based on the Group's financial reporting structure. The "Other operations" segment includes:

- The electrical equipment distribution business in Latin America (Brazil and Chile, 2% of Group sales);
- The ACE (Agencies/Consumer Electronics) division, whose remaining assets were disposed of in the third quarter of 2011, namely Hagemeyer Brands Australia, a company specialized in the retail distribution of electronic products and domestic appliances in Australia and Kompro B.V., a company specialized in the retail distribution and maintenance of multi-function printers in the Netherlands;
- Certain businesses managed at Group level;
- Unallocated corporate overhead expenses.

In 2011, the Group recorded consolidated sales of €12,717.1 million, of which €7,437.7 million were generated in Europe (59% of sales), €3,692.1 million in North America (29% of sales), €1,278.4 million in the Asia-Pacific region (10% of sales), and €308.9 million from Other Operations (2% of sales).

The Europe zone (59% of Group sales) consists of France (which accounts for approximately 33% of Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America zone (29% of Group sales) consists of the United States and Canada. The United States accounts for approximately 69% of Group consolidated sales in this zone, and Canada approximately 31%.

The Asia-Pacific region (10% of Group sales) consists of Australia, New Zealand, China and India (since January 1, 2011), as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 60% of Group consolidated sales in this region and New Zealand approximately 10%.

Other operations (2% of Group sales) mainly consist of the Latin America zone, which contributes for €214.9 million of sales.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on the occasion of purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

1.1.2 | Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are lower in the first and third quarters, because of increased working capital requirements in those periods, while they are relatively higher in the second and fourth quarters.

1.1.3 | Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 18% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales 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 cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

1.1.4 | Comparability of the Group's operating results

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. 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 presented below, financial information is also restated to give effect to following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its 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 the 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 financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

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

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- <u>On a constant basis</u>, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;

- <u>On a constant and same number of working days basis</u>, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and

- <u>On a constant basis, adjusted</u>, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" to monitor its performance. EBITA is not an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	Quarter ended December 31		Period ended December 31	
(in millions of euros)	2011	2010	2011	2010
Operating income before other income and other expenses	**200.3**	**190.2**	**703.9**	**593.1**
Changes in scope effects		1.0		7.4
Foreign exchange effects		1.2		4.4
Non-recurring effect related to copper	5.8	(10.2)	6.4	(23.3)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	2.6	4.4	15.7	22.8
Adjusted EBITA on a constant basis	**208.7**	**186.6**	**726.0**	**604.4**

1.2 | Comparison of financial results at December 31, 2011 and 2010

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the full year and fourth quarters of 2011 and 2010, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**3,343.7**	**3,173.9**	**5.4%**	**12,717.1**	**11,960.1**	**6.3%**
Gross profit	823.0	786.7	4.6%	3,117.5	2,945.6	5.8%
Distribution and administrative expenses(1)	(620.1)	(592.1)	4.7%	(2,397.9)	(2,329.7)	2.9%
EBITA	**203.0**	**194.6**	**4.3%**	**719.6**	**615.9**	**16.8%**
Amortization(2)	(2.6)	(4.4)	-38.3%	(15.7)	(22.8)	-31.4%
Operating income before other income and expenses	**200.3**	**190.2**	**5.3%**	**703.9**	**593.1**	**18.7%**
Other income and expenses	(77.0)	(64.1)	20.1%	(107.0)	(107.7)	-1.3%
Operating income	123.3	126.1	-2.2%	596.9	485.4	23.0%
Financial expenses	(43.5)	(49.6)	-12.2%	(191.1)	(203.1)	-5.9%
Share of income from associates	1.6	1.5	3.9%	2.8	4.7	-42.0%
Income taxes	(20.9)	(16.5)	26.3%	(89.6)	(57.8)	54.8%
Net income	60.5	61.5	-1.6%	319.0	229.2	39.2%
as a % of sales	1.8%	1.9%		2.5%	1.9%	
(1) Of which depreciation	(17.7)	(18.6)	-4.6%	(72.5)	(76.1)	-4.7%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**3,343.7**	**3,202.8**	**4.4%**	**12,717.1**	**11,992.3**	**6.0%**
Same number of working days			*5.3%*			*6.2%*
Gross profit	830.6	775.6	7.1%	3,123.9	2,924.8	6.8%
as a % of sales	*24.8%*	*24.2%*		*24.6%*	*24.4%*	
Distribution and administrative expenses	(621.8)	(589.1)	5.6%	(2,397.9)	(2,320.4)	3.3%
as a % of sales	*(18.6)%*	*(18.4)%*		*(18.9)%*	*(19.4)%*	
EBITA	**208.7**	**186.6**	**11.9%**	**726.0**	**604.4**	**20.1%**
as a % of sales	***6.2%***	***5.8%***		***5.7%***	***5.0%***	

Sales

In 2011, Rexel's consolidated sales grew by 6.3% to €12,717.1 million, up 6.2% on a constant and same number of working days basis, coming from Europe at 5.5%, North America at 8.3% and Asia-Pacific at 5.5%.

The effect of acquisitions, net of disposals, amounted to €51.6 million and resulted from :

- Acquisitions amounting to €208.9 million, including Grossauer in Switzerland and Luckywell in China, acquired in December 2010; and Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd, AD Electronics in India and Zhongheng in China, acquired during 2011; and

- Divestments amounting to €157.4 million, related to the disposal of the non-core ACE division.

The net effect of changes in foreign exchange rates was negative, down €19.4 million, mainly due to the depreciation of the American dollar against the euro, partially offset by the strengthening against the euro of the Australian dollar, the Swiss franc, and the Swedish krona.

In 2011, the effect of higher copper-based cable prices compared to 2010 accounted for an estimated 1.7 percentage points of the Group's 6.2% sales growth on a constant and same number of working days basis.

In the fourth quarter of 2011, Rexel's consolidated sales were €3,343.7 million, an increase of 5.4% compared to the fourth quarter of 2010. The effect of higher copper-based cable prices compared to the fourth quarter of 2010 accounted for an estimated 0.1 percentage points of the Group's 5.3% sales growth on a constant and same number of working days basis. This impact represented 1.9 percentage points in the third quarter of 2011.

Sales growth 2011 vs. 2010:

		Q1	Q2	Q3	Q4	Year
Growth on a constant basis and same number of working days		7.3%	5.1%	7.5%	5.3%	6.2%
Number of working days effect		0.9%	(0.0)%	(0.7)%	(0.9)%	(0.2)%
Growth on a constant basis and actual number of working days	(a)	*8.2%*	*5.1%*	*6.8%*	*4.4%*	*6.0%*
Changes in scope effect		0.1%	0.8%	0.5%	0.3%	0.4%
Foreign exchange effect		2.9%	(2.1)%	(1.7)%	0.6%	(0.2)%
Total scope and currency effects	(b)	*3.0%*	*(1.4)%*	*(1.2)%*	*0.9%*	*0.3%*
Effective growth (a) x (b) (1)		11.4%	3.6%	5.6%	5.4%	6.3%

(1) Organic growth compounded by the scope and currency effects

Gross profit

In 2011, gross profit amounted to €3,117.5 million, an increase of 5.8% as compared to 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 6.8% and adjusted gross margin increased by 20 basis points to 24.6% of sales, mainly coming from better purchasing conditions, both in Europe and Asia-Pacific.
In the fourth quarter of 2011, adjusted gross profit increased by 7.1% and adjusted gross margin increased by 60 basis points from the fourth quarter of 2010 to 24.8% on a constant basis, mainly driven by results in Europe and Asia-Pacific.

Distribution & administrative expenses

In 2011, on a constant basis, adjusted distribution and administrative expenses increased by 3.3%, as compared to a 6.0% increase in sales. Adjusted personnel costs increased by 4.4%, as a result of higher variable compensation. At December 31, 2011, the number of employees totaled 28,409 (on a full time equivalent basis), in line with December 31, 2010, on a constant basis. Lease and maintenance expenses declined by 2.1% in 2011, on a constant basis, reflecting the effect of branch closures. Other adjusted external expenditures increased by 5.7% on a constant basis, slightly below the percentage increase in sales.
In the fourth quarter of 2011, on a constant basis, adjusted distribution and administrative expenses increased by 5.6% from the fourth quarter of 2010, while sales increased by 4.4%. This resulted mainly from higher variable compensation costs linked to the Group's full year performance.

EBITA

In 2011, EBITA stood at €719.6 million, an increase of 16.8% from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 20.1% and adjusted EBITA margin improved by 70 basis points to 5.7%. This improvement resulted from higher sales and gross margin along with tight control over distribution and administrative expenses.
In the fourth quarter of 2011, adjusted EBITA increased by 11.9% and adjusted EBITA margin improved by 40 basis points from the fourth quarter of 2010 to 6.2% on a constant basis.

Other income and expenses

In 2011, other income and expenses represented a net expense of €107.0 million, compared to €107.7 million in 2010, consisting mainly of:

- €87.9 million impairment of goodwill, tangible and intangible assets due to the weaker than expected performance of the following cash-generating units: The Netherlands (€47.2 million), Spain (€20.7 million), Slovenia (€7.6 million) and New Zealand (€4.7 million), and due to €7.0 million of impairment on the assets of Hagemeyer Brands Australia, disposed of in July 2011;
- €39.8 million of costs related to restructuring plans implemented in Europe (€31.2 million, mainly in Spain, in the United Kingdom and in The Netherlands), in North America (€6.3 million) and Asia-Pacific (€1.9 million, mainly in New Zealand);
- €26.1 million of revenues related to the disposal of Hagemeyer Brands Australia and Kompro B.V.;

- €6.4 million of net revenue from the gain on disposals of commercial branches properties, principally in the United States;
- €5.6 million of acquisition costs arising from completed and proposed transactions; and
- €7.2 million of net expenses related to litigation with social security authorities for €4.4 million, to employee claims for €2.0 million and to VAT claims for €0.8 million.

In 2010, other income and expenses had represented a net expense of €107.7 million, consisting mainly of:

- €65.2 million of costs related to the restructuring plans initiated in 2009 to adapt the Group's structure to market conditions, mainly in Europe for €48.3 million and in North America for €12.6 million;
- €36.6 million of goodwill impairment relating to operations in The Netherlands (€23.5 million), New Zealand (€8.9 million) and Slovenia (€4.2 million);
- €10.6 million loss related to the disposal of H.C.L. Asia and Haagtechno BV; and
- €12.7 million of other income, comprised of a €3.7 million tax indemnification payment from the PPR Group under an indemnity granted to Rexel in 2005, €3.6 million stemming from the reduction of pension liabilities, €2.5 million relating to reversals of restructuring provisions in France, and €2.9 million of proceeds from disposals of building (mainly in Sweden).

In the fourth quarter of 2011, other income and expenses represented a net expense of €77.0 million, compared to €64.1 million in 2010, consisting mainly of €47.1 million impairment of goodwill, tangible and intangible assets (€37.0 million in 2010), €24.6 million of restructuring costs (€25.8 million in 2010), €9.3 million costs related to litigation and €5.2 million of net revenue from the gain on disposals of commercial branches properties.

Net Financial income / (expense)

In 2011, net financial expense was at €191.1 million, as compared to €203.1 million in 2010, as a result of the decrease of the average indebtedness. The effective interest rate was 7.2% in 2011 and 7.1% in 2010.
In the fourth quarter of 2011, the effective interest rate was 7.7%, as compared to 7.1% in the fourth quarter of 2010.
The increase is due to the refinancing of the Senior Credit facilities by the €500 million Senior notes issued in May 2011, which have a longer term but a higher nominal interest rate.

Share of profit/(loss) of associates

In 2011, the share of profit of associates was a gain of €2.8 million, related to DPI (US consumer electronics retail distributor), compared to €4.7 million in 2010. The decrease in the share of DPI profit results from lower sales in 2011 as compared to 2010, due to more difficult market conditions in the United States.
In the fourth quarter of 2011, the share of profit in DPI was €1.6 million, as compared to a €1.5 million for the same period in 2010.

Tax expense

The effective tax rate was 22.1% in 2011, compared to 20.5% in 2010. In 2011, the tax rate included the impact of UK tax losses carried forward indefinitely and incurred in previous periods that were recognized for the first time as a result of the Group's ability to utilize these losses against future taxable profits. In 2010, the effective tax rate included the recognition of non-recurring French tax losses incurred in 2009.

Net income

Net income amounted to €319.0 million in 2011, an increase of 39.2% as compared to €229.2 million in 2010.
In the fourth quarter of 2011, net income was largely stable at €60.5 million versus €61.5 million in the fourth quarter of 2010.

1.2.2 | Europe (59% of Group consolidated sales)

REPORTED	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**1,947.9**	**1,864.3**	**4.5%**	**7,437.7**	**6,966.8**	**6.8%**
Gross profit	514.4	488.2	5.4%	1,941.0	1,813.6	7.0%
Distribution and administrative expenses	(369.7)	(351.4)	5.2%	(1,429.9)	(1,367.0)	4.6%
EBITA	**144.7**	**136.7**	**5.9%**	**511.2**	**446.5**	**14.5%**
as a % of sales	*7.4%*	*7.3%*		*6.9%*	*6.4%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**1,947.9**	**1,889.8**	**3.1%**	**7,437.7**	**7,073.4**	**5.2%**
Same number of working days			*4.5%*			*5.5%*
Gross profit	519.7	488.7	6.3%	1,947.9	1,825.8	6.7%
as a % of sales	*26.7%*	*25.9%*		*26.2%*	*25.8%*	
Distribution and administrative expenses	(371.3)	(355.5)	4.5%	(1,430.0)	(1,385.6)	3.2%
as a % of sales	*(19.1)%*	*(18.8)%*		*(19.2)%*	*(19.6)%*	
EBITA	**148.4**	**133.2**	**11.4%**	**517.9**	**440.2**	**17.7%**
as a % of sales	***7.6%***	***7.0%***		***7.0%***	***6.2%***	

In 2011, sales in Europe amounted to €7,437.7 million, an increase of 6.8% from 2010. Acquisitions, net of disposals, accounted for €56.0 million, due to the acquisition of Grossauer in Switzerland. Favorable exchange rate variations accounted for €50.6 million, primarily due to the appreciation of the Swiss franc and the Swedish krona against the euro. On a constant and same number of working days basis, sales improved by 5.5% from 2010.
In the fourth quarter of 2011, on a constant and same number of working days basis, sales improved by 4.5% from the fourth quarter of 2010.

In France, sales amounted to €2,474.7 million in 2011, up 7.0% from 2010 on a constant and same number of working days basis, driven by demand in the three-end markets, especially with large accounts. The Group believes that it gained market share during this period.
In the fourth quarter of 2011, sales increased by 5.2% from the fourth quarter of 2010 on a constant and same number of working days basis.

In the United Kingdom, sales amounted to €953.4 million in 2011, an increase of 8.1% from 2010 on a constant and same number of working days basis. Volumes were higher year-on-year driven by strong project activity and photovoltaic sales. The Group believes that it outperformed the market during this period.
In the fourth quarter of 2011, sales increased by 13.2% from the fourth quarter of 2010 on a constant and same number of working days basis.

In Germany, sales amounted to €915.2 million in 2011, an increase by 0.5% from 2010 on a constant and same number of working days basis. Sales growth was primarily affected by the unfavorable base effect of strong photovoltaic sales in 2010, that had been boosted by tax incentives in force until mid-year. Excluding photovoltaic, sales were up 6.8% due to strong industrial end-market activity, especially in machines building, chemical and automotive industries.
In the fourth quarter of 2011, sales increased by 9.0% from the fourth quarter of 2010 on a constant and same number of working days basis, and by 5.1% excluding photovoltaic sales.

In Scandinavia sales amounted to €924.6 million in 2011, a rise of 6.8% from 2010 on a constant and the same number of working days basis. This increase in sales was driven by contractors and utilities. A 12.0% increase was recorded in the operations in Finland whereas the operations in Sweden and Norway posted a 5.4% and 5.2% increase, respectively.
In the fourth quarter of 2011, sales increased by 7.5% from the fourth quarter of 2010 on a constant and same number of working days basis.

In Southern Europe, sales amounted to €440.0 million in 2011 (6% of sales in Europe), decreasing by 7.3% from 2010 on a constant and same number of working days basis, largely due to the deterioration of the macro-economic environment in Spain. (Spain posted a 11.2% decrease in sales on a constant and same number of working days basis).
In the fourth quarter of 2011, sales decreased by 23.0% from the fourth quarter of 2010 on a constant and same number of working days basis.

In 2011, Europe recorded a gross profit of €1,941.0 million, an increase of 7.0% from 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 6.7% and adjusted gross margin was 26.2% of sales, an improvement of 40 basis points from 2010, mainly due to better purchasing terms, notably in the fourth quarter.
In the fourth quarter of 2011, adjusted gross margin improved by 80 basis points from the fourth quarter of 2010 to 26.7% of sales on a constant basis.

On a constant basis, adjusted distribution and administrative expenses increased by 3.2% in 2011 as compared to a 5.2% increase in sales. In 2011, adjusted personnel costs increased by 3.7% from 2010. The workforce in Europe included 16,661 employees, stable compared to December 31, 2010. Lease and maintenance expenses decreased by 3.5% as compared to 2010 due to the rationalization of the branch network.
In the fourth quarter of 2011, adjusted distribution and administrative expenses increased by 4.5% as compared to a 3.1% increase in sales, on a constant basis.

In 2011, EBITA amounted to €511.2 million, a 14.5% increase from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 17.7% while the adjusted EBITA margin increased by 80 basis points to 7.0% of sales.
In the fourth quarter of 2011, adjusted EBITA increased by 11.4% from the fourth quarter of 2010 on a constant basis and adjusted EBITA margin increased by 60 basis points to 7.6% of sales.

1.2.3 | North America (29% of Group consolidated sales)

REPORTED	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**1,010.6**	**934.2**	**8.2%**	**3,692.1**	**3,530.8**	**4.6%**
Gross profit	219.5	205.2	7.0%	789.0	769.0	2.6%
Distribution and administrative expenses	(164.0)	(160.2)	2.4%	(625.3)	(645.9)	-3.2%
EBITA	**55.5**	**45.0**	**23.3%**	**163.7**	**123.1**	**33.0%**
as a % of sales	*5.5%*	*4.8%*		*4.4%*	*3.5%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**1,010.6**	**935.4**	**8.0%**	**3,692.1**	**3,404.6**	**8.4%**
Same number of working days			*7.4%*			*8.3%*
Gross profit	220.9	203.0	8.8%	789.0	735.9	7.2%
as a % of sales	*21.9%*	*21.7%*		*21.4%*	*21.6%*	
Distribution and administrative expenses	(164.1)	(160.8)	2.1%	(625.2)	(620.8)	0.7%
as a % of sales	*(16.2)%*	*(17.2)%*		*(16.9)%*	*(18.2)%*	
EBITA	**56.7**	**42.2**	**34.5%**	**163.9**	**115.2**	**42.3%**
as a % of sales	***5.6%***	***4.5%***		***4.4%***	***3.4%***	

In 2011, sales in North America amounted to €3,692.1 million, up 4.6% compared to 2010. This increase is despite an unfavorable exchange rate impact of €126.2 million mainly due to the depreciation of the US dollar against the euro during the period. On a constant and same number of working days basis, sales increased by 8.3% in 2011 compared to 2010.
In the fourth quarter of 2011, sales increased by 7.4% from the fourth quarter of 2010 on a constant and same number of working days basis.

In the United States, sales amounted to €2,529.7 million in 2011, an increase of 6.9% from 2010 on a constant and same number of working days basis. This growth was driven by the industrial end-market, mainly in the energy and mining segments. Residential and commercial saw progressive signs of improvements during the year.
In the fourth quarter of 2011, sales increased by 7.4% from the fourth quarter of 2010 on a constant and same number of working days basis.

In Canada, sales amounted to €1,162.4 million in 2011, up by 11.4% from 2010 on a constant and same number of working days basis. Sales were strong in the industrial end-market, particularly in mining and oil & gas with high oil prices driving capital investment, as well as telecommunications and renewable energies. The Group believes that it outperformed the market during this period.
In the fourth quarter of 2011, sales increased by 7.6% from the fourth quarter of 2010 on constant and same number of working days basis.

In 2011, gross profit amounted to €789.0 million, an increase of 2.6% from 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 7.2% and adjusted gross margin declined by 20 basis points compared with 2010 to 21.4% of sales. This decrease results from a higher percentage of lower-margin direct sales.
In the fourth quarter of 2011, the gross margin rate increased by 20 basis points from the fourth quarter of 2010 to 21.9% on a constant basis.

Despite the 8.4% increase in sales on a constant basis, adjusted distribution and administrative expenses remained largely stable. Adjusted personnel costs increased by 1.8% from 2010. The workforce was 7,293 employees as of December 31, 2011, stable compared with December 2010. Lease expenses decreased by 1.6% in 2011, reflecting the benefits of the reorganization of the branch network in 2010.
In the fourth quarter of 2011, adjusted distribution and administrative expenses increased by 2.1% from the fourth quarter of 2010 on a constant basis as compared to an 8.0% increase in sales.

In 2011, EBITA rose to €163.7 million, an increase of 33.0% from 2010, on a reported basis. On a constant basis, adjusted EBITA rose by 42.3% from 2010 and the adjusted EBITA margin increased by 100 basis points to 4.4% of sales.
In the fourth quarter of 2011, adjusted EBITA increased by 34.5% from the fourth quarter of 2010 on a constant basis and adjusted EBITA margin increased by 110 basis points to 5.6% of sales.

1.2.4 | Asia-Pacific (10% of Group consolidated sales)

REPORTED	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**325.4**	**295.8**	**10.0%**	**1,278.4**	**1,116.3**	**14.5%**
Gross profit	69.5	63.8	9.0%	279.8	242.9	15.2%
Distribution and administrative expenses	(51.5)	(46.0)	11.8%	(202.0)	(179.2)	12.8%
EBITA	**18.1**	**17.7**	**2.0%**	**77.8**	**63.7**	**22.0%**
as a % of sales	*5.6%*	*6.0%*		*6.1%*	*5.7%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**325.4**	**323.6**	**0.6%**	**1,278.4**	**1,216.0**	**5.1%**
Same number of working days			*1.7%*			*5.5%*
Gross profit	69.8	67.0	4.2%	279.7	260.5	7.4%
as a % of sales	*21.4%*	*20.7%*		*21.9%*	*21.4%*	
Distribution and administrative expenses	(51.5)	(48.5)	6.0%	(202.0)	(191.8)	5.3%
as a % of sales	*(15.8)%*	*(15.0)%*		*(15.8)%*	*(15.8)%*	
EBITA	**18.3**	**18.4**	**-0.6%**	**77.6**	**68.7**	**13.0%**
as a % of sales	***5.6%***	***5.7%***		***6.1%***	***5.6%***	

In 2011, sales in the Asia-Pacific region amounted to €1,278.4 million, up 14.5% from 2010. The acquisitions of Chinese and Indian entities contributed €48.6 million to the increase, with a further €51.2 million from favorable exchange rate effects, primarily due to the appreciation of the Australian dollar against the euro. On a constant and same number of working days basis, sales increased by 5.5% in 2011.
In the fourth quarter of 2011, sales increased by 1.7% from the fourth quarter of 2010 on a constant and same number of working days basis.

Australia recorded a 1.5% increase in sales to €766.8 million from 2010, on a constant and same number of working days basis.
In the fourth quarter of 2011, sales decreased by 2.4% from the fourth quarter of 2010, on a constant and same number of working days basis. This decrease was largely due to the slowing down of the Australian economy due to higher interest rates.

New Zealand recorded sales of €134.1 million in 2011, a decrease of 3.2% on a constant and same number of working days basis, from 2010. Sales have been affected by branch reorganization (14 branches closed in 2011) and by the successive earthquakes in Christchurch that delayed reconstruction work.
In the fourth quarter of 2011, sales decreased by 11.0% from the fourth quarter of 2010 on a constant and same number of working days basis, mainly due to branch closures.

In Asia (China, India and South-East Asia), sales amounted to €377.0 million in 2011, up 18.6% from 2010, on a constant and same number of working days basis. Rexel posted a strong performance in the industrial automation segment.
In the fourth quarter of 2011, sales increased by 14.0% from the fourth quarter of 2010 on a constant and same number of working days basis.

In 2011, gross profit increased by 15.2% to €279.8 million on a reported basis, mainly driven by favorable exchange rates on the Australian dollar against the euro and acquisitions. On a constant basis the adjusted gross profit increased by 7.4% from 2010 and adjusted gross margin was 21.9% of sales, an increase of 50 basis points from 2010, as a result of the optimization of purchase conditions and a lower mix on projects lower gross margin.

In the fourth quarter of 2011, adjusted gross margin improved by 70 basis points to 21.4% from the fourth quarter of 2010 on a constant basis.

On a constant basis, adjusted distribution and administrative expenses increased by 5.3% from 2010, while sales increased by 5.1%. Adjusted personnel costs increased by 5.9%. The workforce rose by 3.6% from December 31, 2010, to 2,926 employees at December 31, 2011. The increase is mainly located in China, where headcount rose by 18.7%, resulting from the development of sales force in automation.
In the fourth quarter of 2011, adjusted distribution and administrative expenses increased by 6.0% from the fourth quarter of 2010 on a constant basis compared to a 0.6% increase in sales.

In 2011, EBITA amounted to €77.8 in 2011, up to 22.0% from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 13.0% from 2010. Adjusted EBITA margin increased by 50 basis points to 6.1% of sales.
In the fourth quarter of 2011, adjusted EBITA decreased by 0.6% on a constant basis and adjusted EBITA margin decreased by 10 basis points to 5.6% of sales.

1.2.5 | Other operations (2% of Group consolidated sales)

REPORTED	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**59.8**	**79.6**	**-24.8%**	**308.9**	**346.2**	**-10.8%**
Gross profit	19.5	29.6	-33.9%	107.7	120.1	-10.3%
Distribution and administrative expenses	(34.9)	(34.4)	1.5%	(140.7)	(137.6)	2.3%
EBITA	**(15.4)**	**(4.9)**	**> 100%**	**(33.0)**	**(17.4)**	**89.4%**
as a % of sales	*(25.8)%*	*(6.1)%*		*(10.7)%*	*(5.0)%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31			Period ended December 31		
(in millions of euros)	2011	2010	Change in %	2011	2010	Change in %
Sales	**59.8**	**54.0**	**10.7%**	**308.9**	**298.3**	**3.5%**
Same number of working days			*12.9%*			*3.0%*
Gross profit	20.2	17.0	19.2%	107.3	102.6	4.6%
as a % of sales	*33.8%*	*31.4%*		*34.7%*	*34.4%*	
Distribution and administrative expenses	(34.9)	(24.2)	44.1%	(140.7)	(122.3)	15.1%
as a % of sales	*(58.4)%*	*(44.9)%*		*(45.6)%*	*(41.0)%*	
EBITA	**(14.7)**	**(7.3)**	**102.0%**	**(33.4)**	**(19.7)**	**70.2%**
as a % of sales	***(24.6)%***	***(13.5)%***		***(10.8)%***	***(6.6)%***	

In 2011, sales from Other operations were €308.9 million, showing a decrease of 10.8% as compared to 2010. This decrease resulted mainly from the €53.0 million net negative impact on sales from acquisitions and disposals, consisting of:

- €157.4 million decrease related to the disposal of the non-core ACE division,
- €104.4 million increase related to the acquisition of Nortel in Brazil.

The positive effect of exchange rate differences was €5.1 million.

In 2011, on constant and same number of working days basis, sales increased by 3.0% compared to 2010.

In Latin America (1.7% of group sales), sales amounted to €214.9 million. On a constant and same number of working days basis, they were up 16.0% due to the strong performance in Brazil (increase of 12.5%, driven by large accounts), and Chile (increase of 20.7%, driven by mining projects).
In the fourth quarter of 2011, sales increased by 14.7% on a constant and same number of working days basis from the fourth quarter of 2010.

Agencies/Consumer Electronics division (0.5% of group sales), posted a decline in sales of 27.4% on a constant and same number of working days basis compared with 2010 and was fully disposed of at the end of September 2011.

On a constant basis, the decrease in EBITA was linked to both a lower contribution from ACE activities, as well as higher employee profit sharing charge due to the increase in Group performance.

1.3 | Outlook

In 2011, Rexel generated strong organic growth of 6.2%, of which 1.7 percentage points were due to the rise in copper-based cable prices. The 4.5% organic growth excluding the impact of copper outpaced the weighted average GDP growth of the countries in which the Group operates, confirming Rexel's ability to generate organic growth above GDP growth, driven by value-added services and energy efficiency.

In the prevailing uncertain economic context, Rexel remains confident that organic growth excluding the impact of copper in 2012 should continue to outperform the weighted average GDP growth of the regions in which the Group operates.

In this context, Rexel should also in 2012:

- At least maintain its EBITA margin at the same level as the 5.7% reached in 2011,

- Generate free cash-flow before interest and tax of around €600 million.

Rexel confirms its medium-term strategic priorities:

- Strengthen its market position through organic growth and acquisitions,

- Enhance its profitability and optimize capital employed to achieve an EBITA margin of close to 6.5% and a return on capital employed close to 14% in 2013,

- Generate solid free cash-flow.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow at December 31, 2011 and 2010

(in millions of euros)		Quarter ended December 31 2011	Quarter ended December 31 2010	Change	Period ended December 31 2011	Period ended December 31 2010	Change
Operating cash flow [(1)]		**206.7**	**193.7**	**13.0**	**739.3**	**580.2**	**159.1**
Interest	(a)	(40.2)	(40.9)	0.7	(155.4)	(160.7)	5.3
Taxes	(a)	(14.3)	11.8	(26.1)	(85.9)	(36.9)	(49.0)
Change in working capital requirements		184.0	134.2	49.8	(69.9)	42.0	(111.9)
Net cash flow from operating activities	**(b)**	**336.2**	**298.8**	**37.4**	**428.1**	**424.6**	**3.5**
Net cash flow from investing activities		**(68.0)**	**(88.7)**	**20.7**	**(124.1)**	**(106.8)**	**(17.3)**
Including operating capital expenditures [(2)]	*(c)*	*(26.3)*	*(22.1)*	*(4.2)*	*(68.4)*	*(52.4)*	*(16.0)*
Net cash flow from financing activities		**(30.9)**	**(99.3)**	**68.4**	**(158.1)**	**(332.4)**	**174.3**
Net cash flow		**237.3**	**110.8**	**126.5**	**145.9**	**(14.6)**	**160.5**
Free cash flow							
Free cash flow:							
- before interest and taxes (b) – (a) + (c)		**364.4**	**305.8**	**58.6**	**601.0**	**569.8**	**31.2**
- after interest and taxes (b) + (c)		**309.9**	**276.7**	**33.2**	**359.7**	**372.2**	**(12.5)**
WCR as a % of sales [(3)] **at:**					**December 31, 2011**	**December 31, 2010**	
Reported financial data					9.7%	9.9%	
Financial data on a constant basis					10.3%	10.6%	

(1) Before interest, taxes and change in working capital requirements.

(2) Net of disposals.

(3) Working capital requirements, end of period, divided by prior 12-month sales.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an inflow of €428.1 million in 2011 compared to €424.6 million in 2010. In the fourth quarter of 2011, net cash flow from operating activities was an inflow of €336.2 million compared to €298.8 million for the fourth quarter of 2010.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €580.2 million in 2010 to €739.3 million in 2011. This increase was mainly due to the EBITA growth of €103.7 million from €615.9 million in 2010 to €719.6 million in 2011 and the lower level of restructuring costs, affected as at December 31, 2010 by a non-recurring charge (settlement of the Ceteco claim), of €29.8 million incurred in 2010.

Interest and taxes

Interest paid in 2011 totaled €155.4 million compared with €160.7 million in 2010 due to a reduced principal amount.

In 2011, €85.9 million was paid in income tax compared to €36.9 million paid in 2010, mainly from higher taxable income resulting from the activity. Income tax paid is lower than income tax expense in both years due to the utilization of tax losses carried forward.

Change in working capital requirements

Changes in working capital requirements amounted to a net outflow of €69.9 million in 2011 compared with an inflow of €42.0 million in the same period of 2010. The increase in working capital requirements mainly resulted from the growth in sales.

As a percentage of sales over the previous 12 months, working capital requirements amounted to 9.7% at December 31, 2011, on a reported basis, compared to 9.9% at December 31, 2010.

2.1.2 | Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €124.4 million outflow in 2011, as compared to an outflow of €106.8 million in 2010.

(in millions of euros)	Quarter ended December 31		Period ended December 31	
	2011	2010	2011	2010
Acquisitions of operating fixed assets	(37.8)	(22.7)	(98.2)	(57.5)
Gain/(loss) on disposal of operating fixed assets	6.9	0.8	26.4	7.0
Net change in debts and receivables on fixed assets	4.6	(0.2)	3.4	(1.9)
Net cash flow from operating investing activities	(26.3)	(22.1)	(68.4)	(52.4)
Acquisitions of financial fixed assets	(42.8)	(66.4)	(100.5)	(67.3)
Gain/(loss) on disposal of financial fixed assets	-	0.6	44.8	13.3
Dividends received from equity associates	0.3	-	0.6	1.4
Net cash flow from financial investing activities	(42.5)	(65.8)	(55.1)	(52.6)
Net change in long-term investments	0.8	(0.9)	(0.6)	(1.8)
Net cash flow from investing activities	**(68.0)**	**(88.8)**	**(124.1)**	**(106.8)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €68.4 million in 2011, compared to €52.4 million outflow in 2010.

In 2011, gross capital expenditures amounted to €98.2 million, i.e. 0.8% of sales for the period, of which €44.6 million related to IT systems, €36.3 million to branch acquisition and renovation, €12.2 million to logistics and €5.1 million to other investments. Disposals of fixed assets in 2011 amounted to €26.4 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €3.4 million, accounting for a decrease in net capital expenditures for the period.

In 2010, gross capital expenditures amounted to €57.5 million, i.e. 0.5% of sales over the period, of which €25.0 million on IT systems, €16.8 million on opening / renovation of branches, €11.6 million on logistics and €4.1 million on other investments. In 2010, disposals of fixed assets amounted to €7.0 million, and related mainly to sales of buildings in Sweden, Latvia and Italy. Net change in the related payables and receivables was €1.9 million, increasing net capital expenditures over the period in the same amount.

Financial investments

Financial investments amounted to a net outflow of €55.1 million in 2011 compared to a net outflow of €52.6 million in 2010.

In 2011, the acquisitions net of cash of acquired entities resulted in was an outflow of €100.5 million. These investments include Nortel Suprimentos Industriais and Delamano in Brazil, Yantra Automation Private Ltd and AD Electronics in India, Wuhan Rockcenter Automation and Beijing Zongheng in China, Eurodis in France and Tegro in Germany. Furthermore, the consolidation of Grossauer ElektroHandels as of January 1, 2011 resulted in an inflow related to the company's existing cash at that date.

Gain on disposal of financial fixed assets amounted to €44.8 million in 2011 and mainly related to the Hagemeyer Brand Australia (HBA) and Kompro B.V. disposals.

In 2010, inflows covered the disposals of HCL Asia and Haagtechno B.V. for €3.4 million, and €10.2 million net of cash disposed. Outflows mainly included the acquisition of Grossauer in Switzerland for €64.1 million. Earn-outs and price adjustments on prior acquisitions represented a net total of €1.1 million. Dividends received from DPI totaled €1.4 million, accounted for on an equity basis.

2.1.3 | Cash flow from financing activities

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

In 2011, cash flow from financing activities reflected additional net outflows of €158.1 million, resulting principally from:

- repayment of drawings under the 2009 Senior Credit Agreement amounting to €695.9 million,
- buy-back of notes issued in May 2011 for €11.3 million,
- a decrease in assigned receivables with respect to securitization programs of €5.0 million and new transaction costs relating to the new securization program of €3.2 million,
- a dividend distribution for 2010 period of €105.3 million, and
- net acquisition of treasury shares of €30.8 million.

Inflows were comprised of :

- a bond issue in May 2011 of €492.8 million net of transaction costs,
- other variations in credit lines amounting to €94.4 million, primarily consisting of the issue of commercial paper (for an €47.8 million increase in commercial paper),
- €16.6 million from new leasing transactions, and
- capital increases of €88.5 million, of which €86.0 million related to the dividends paid in shares.

In 2010, financing activities represented a net outflow of €332.5 million. Outflows included :

- a reduction of the maximum commitment under the 2009 Senior Credit Agreement by €407.8 million,
- a reduction in securitization programs bearing on trade receivables by €34.3 million,
- changes in other credit facilities in the amount of €24.4 million,
- payments related to finance lease liabilities in the amount of €5.2 million, and
- transaction costs paid in connection with Group refinancing in the amount of €5.0 million.

Inflows in 2010 included:

- issuance of additional senior unsecured bonds in the amount of €75.0 million (€76.7 million including the issuance premium),
- issuance of treasury notes in the amount of €56.9 million, and
- proceeds from share capital increase related to the exercise of stock-options and to an employee share purchase plan for an aggregate amount of €9.7 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 bond issuances, securitization programs and multilateral credit lines. At December 31, 2011, Rexel's consolidated net debt amounted to €2,078.2 million, consisting of the following items:

(in millions of euros)	December 31, 2011 Current	December 31, 2011 Non-current	December 31, 2011 Total	December 31, 2010 Current	December 31, 2010 Non-current	December 31, 2010 Total
Senior notes	-	1 181.4	1 181.4	-	669.5	669.5
Credit facility	-	30.6	30.6	-	761.5	761.5
Securitization	105.9	973.5	1 079.4	-	1 067.6	1 067.6
Bank loans	39.7	8.1	47.8	6.6	1.9	8.5
Commercial paper	104.8	-	104.8	56.9	-	56.9
Bank overdrafts and other credit facilities	86.0	-	86.0	66.6	-	66.6
Finance lease obligations	6.8	22.9	29.7	5.7	7.2	12.9
Accrued interest (1)	10.0	-	10.0	5.2	-	5.2
Less transaction costs	(19.8)	(33.9)	(53.7)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	**333.5**	**2 182.6**	**2 516.0**	**122.0**	**2 463.5**	**2 585.5**
Cash and cash equivalents			(413.7)			(311.9)
Fair value hedge derivatives			(24.1)			(0.3)
Net financial debt			**2 078.2**			**2 273.3**

(1) of which accrued interest on Senior Notes in the amount of €3.5 million at December 31, 2011 (€2.5 million at December 31, 2010)

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay amounts outstanding under its existing Senior Credit Agreement. The notes were issued at a price of 99.993%, bear an annual interest rate of 7% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The notes will mature on December 17, 2018.

The notes are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 17, 2015, the notes are redeemable in whole or in part at the redemption price set forth below.

Redemption period beginning on:	**Redemption price (as a % of principal amount)**
June 17, 2015 …………………………….	103.500%
June 17, 2016 …………………………….	101.750%
June 17, 2017 and after ………………….	100.000%

During the fourth quarter 2011, Rexel completed open-market buy-backs of notes for an amount of €11.3 million.

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

Components of the Group's net indebtedness are described in detail in note 19.1 of Rexel's Consolidated Financial Statements as of December 31, 2011.

At December 31, 2011, the Group's liquidity amounted to €1,695.6 million (€930.5 million at December 2010).

In million of euro

Cash and cash equivalents	413.7
Bank overdrafts	(82.7)
Commercial paper	(104.8)
Undrawn Senior credit agreement	1,469.4
Other	(0.1)
Liquidity	**1,695.5**

The Group's leverage ratio (adjusted consolidated net debt / adjusted consolidated EBITDA for the previous 12 months) is tested for compliance with the covenant every six months. The limit is as follows:

Date	31/12/2011	30/06/2012	31/12/2012	30/06/2013	31/12/2013	30/06/2014
Commitment	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x

The indebtedness ratio, as calculated under the terms of the Senior Credit Agreement, stood at 2.40x at the end of December 2011 (vs. 3.19x at end December 2010), well below the applicable covenant limit (4.00x at year-end 2011).

(in millions of euros)	December 31, 2011
Net debt at closing currency exchange rates	2,078.2
Net debt at average currency exchange rates (A)	2,003.7
LTM EBITDA (1) (B)	836.5
Indebtedness ratio (A)/(B)	**2.40**

(1) Calculated in accordance with the terms of the senior credit agreement

II. Consolidated financial statements

This document is a free translation from French to English of Rexel's original consolidated financial statements for the year ended December 31, 2011 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 consolidated financial statements for the year ended December 31, 2011, the French version will prevail.

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Consolidated Income Statement

(in millions of euros)	***Note***	For the year ended December 31, 2011	2010
Sales	***4***	12,717.1	11,960.1
Cost of goods sold		(9,599.6)	(9,014.5)
Gross profit		**3,117.5**	**2,945.6**
Distribution and administrative expenses	***5***	(2,413.6)	(2,352.5)
Operating result before other income and expenses		**703.9**	**593.1**
Other income	***7***	39.6	16.1
Other expenses	***7***	(146.6)	(123.8)
Operating result		**596.9**	**485.4**
Financial income		54.5	49.3
Interest expense on borrowings		(183.2)	(189.8)
Other financial expenses		(62.4)	(62.6)
Net financial loss	***8***	***(191.1)***	***(203.1)***
Share of profit / (loss) of associates	***10.4***	2.8	4.7
Net income before income tax		**408.6**	**287.0**
Income tax	***9***	(89.6)	(57.8)
Net income		**319.0**	**229.2**
Portion attributable:			
to the Group		318.3	228.5
to non-controlling interests		0.7	0.7
Earnings per share:			
Basic earnings per share (in euros)	***16***	1.20	0.87
Fully diluted earnings per share (in euros)	***16***	1.18	0.86

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in millions of euros)	For the year ended December 31, 2011	2010
Net income	**319.0**	**229.2**
Foreign currency translation	6.0	154.8
Income tax	4.0	8.1
	10.0	162.9
Gain (Loss) on cash flow hedges	20.4	17.7
Income tax	(6.9)	(7.9)
	13.5	9.8
Other comprehensive income/(loss) for the period, net of tax	*23.5*	*172.7*
Total comprehensive income for the period, net of tax	**342.5**	**401.9**
Portion attributable:		
to the Group	*340.9*	*400.4*
to non-controlling interests	*1.6*	*1.5*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

(in millions of euros)	***Note***	As of December 31, 2011	As of December 31, 2010
Assets			
Goodwill	***10.1***	4,002.2	3,931.2
Intangible assets	***10.1***	935.7	934.4
Property, plant and equipment	***10.2***	261.7	245.4
Long-term investments	***10.3***	122.5	132.1
Investments in associates	***10.4***	11.8	9.3
Deferred tax assets	***9.2***	144.3	138.6
Total non-current assets		**5,478.2**	**5,391.0**
Inventories	***11.1***	1,240.8	1,203.1
Trade accounts receivable	***11.2***	2,122.9	2,022.0
Current tax assets		21.0	29.7
Other accounts receivable	***11.3***	455.2	406.4
Assets held for sale		3.7	23.1
Cash and cash equivalents	***12***	413.7	311.9
Total current assets		**4,257.3**	**3,996.2**
Total assets		**9,735.5**	**9,387.2**
Equity			
Share capital	***14***	1,344.1	1,301.0
Share premium	***14***	1,412.2	1,383.7
Reserves and retained earnings		1,383.0	1,140.4
Total equity attributable to equity holders of the parent		**4,139.3**	**3,825.1**
Non-controlling interests		11.5	9.3
Total equity		**4,150.8**	**3,834.4**
Liabilities			
Interest bearing debt (non-current part)	***19***	2,182.3	2,463.5
Employee benefits	***18***	166.2	174.4
Deferred tax liabilities	***9.2***	132.9	144.5
Provision and other non-current liabilities	***17***	157.6	156.3
Total non-current liabilities		**2,639.0**	**2,938.7**
Interest bearing debt (current part)	***19***	323.5	116.8
Accrued interest	***19***	10.0	5.2
Trade accounts payable		1,903.3	1,866.2
Income tax payable		56.0	39.8
Other current liabilities	***21***	652.9	584.1
Liabilities related to assets held for sale		-	2.0
Total current liabilities		**2,945.7**	**2,614.1**
Total liabilities		**5,584.7**	**5,552.8**
Total equity and liabilities		**9,735.5**	**9,387.2**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(in millions of euros)	*Note*	For the year ended December 31, 2011	2010
Cash flows from operating activities			
Operating income		596.9	485.4
Depreciation, amortization and impairment of assets	***5 - 7***	176.1	139.8
Employee benefits		(19.8)	(15.5)
Change in other provisions		1.7	(47.6)
Other non-cash operating items		(15.6)	18.1
Interest paid		(155.4)	(160.7)
Income tax paid		(85.9)	(36.9)
Operating cash flows before change in working capital requirements		***498.0***	***382.6***
Change in inventories		(27.5)	(26.6)
Change in trade receivables		(68.4)	(48.8)
Change in trade payables		12.9	121.6
Changes in other working capital items		13.1	(4.2)
Change in working capital requirements		***(69.9)***	***42.0***
Net cash from operating activities		**428.1**	**424.6**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(94.8)	(59.4)
Proceeds from disposal of property, plant and equipment		26.4	7.0
Acquisition of subsidiaries, net of cash acquired	***3.1***	(100.5)	(67.3)
Proceeds from disposal of subsidiaries, net of cash disposed		44.8	13.3
Change in long-term investments		(0.6)	(1.8)
Dividends received from associates		0.6	1.4
Net cash from investing activities		**(124.1)**	**(106.8)**
Cash flows from financing activities			
Capital increase	**14**	2.4	9.7
Contribution received from minority shareholders		0.8	-
Disposal / (Purchase) of treasury shares		(30.8)	1.1
Net change in credit facilities and other financial borrowings	***19.2***	(122.8)	(303.6)
Net change in securitization	***19.2***	(5.0)	(34.3)
Net change in finance lease liabilities	***19.2***	16.5	(5.2)
Dividends paid	***14***	(19.2)	(0.1)
Net cash from financing activities		**(158.1)**	**(332.4)**
Net (decrease) / increase in cash and cash equivalents		**145.9**	**(14.6)**
Cash and cash equivalents at the beginning of the period	***12***	311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(44.1)	(33.1)
Cash and cash equivalents at the end of the period	***12***	**413.7**	**311.9**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

(in millions of euros)	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Total attributable to the Group	Non-controlling interests	**Total**
For the year ended December 31, 2010									
At January 1, 2010		**1,291.1**	**1,392.2**	**789.2**	**(39.2)**	**(29.1)**	**3,404.2**	**7.8**	**3,412.0**
Net income		-	-	228.5	-	-	**228.5**	0.7	229.2
Other comprehensive income		-	-	-	162.1	9.8	**171.9**	0.8	172.7
Total comprehensive income for the period		**-**	**-**	**228.5**	**162.1**	**9.8**	**400.4**	**1.5**	**401.9**
Share capital increase	***14***	**9.9**	**(8.5)**	**8.9**	**-**	**-**	**10.3**	**-**	10.3
Share based payment	***14***	-	-	9.8	-	-	**9.8**	**-**	9.8
Disposal (Purchase) of treasury shares		-	-	0.4	-	-	**0.4**	-	0.4
At December 31, 2010		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
For the year ended December 31, 2011									
At January 1, 2011		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
Net income		-	-	318.3	-	-	**318.3**	0.7	319.0
Other comprehensive income		-	-	-	9.1	13.5	**22.6**	0.9	23.5
Total comprehensive income for the period		**-**	**-**	**318.3**	**9.1**	**13.5**	**340.9**	**1.6**	**342.5**
Dividends paid	***14***	-	-	(105.2)	-	-	**(105.2)**	(0.2)	(105.4)
Share capital increase	***14***	43.1	28.5	17.0	-	-	**88.6**	0.8	89.4
Share-based payments [(1)]		-	-	19.6	-	-	**19.6**	-	19.6
Disposal (Purchase) of treasury shares		-	-	(29.7)	-	-	**(29.7)**	-	(29.7)
At December 31, 2011		**1,344.1**	**1,412.2**	**1,256.8**	**132.0**	**(5.8)**	**4,139.3**	**11.5**	**4,150.8**

The accompanying notes are an integral part of these consolidated financial statements.

[(1)] of which €17.2 million free shares expense (see note 12) and €2.4 million relating to the tax effect of free shares granted in the United States

Accompanying 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 (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. 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).

These consolidated financial statements cover the period from January 1 to December 31, 2011, and were authorized for issue by the Management Board on February 2, 2012.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of Compliance

The consolidated financial statements (hereafter referred to as “the financial statements”) for the period ending December 31, 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as at December 31, 2011.

IFRS as adopted by the European Union can be consulted on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 | Basis of Preparation

The financial statements as at December 31, 2011 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

They are prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, and financial instruments classified as available-for-sale.

Long-term assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 2.5 and 3)
- Impairment of intangible assets and goodwill (notes 2.5, 2.8, and 10.1)
- Employee benefits (notes 2.14 and 18)
- Provisions and contingent liabilities (notes 2.16, 17, and 24)

- Measurement of financial instruments (notes 2.10.4 and 20)
- Recognition of deferred tax assets (notes 2.20 and 9)
- Measurement of share-based payments (notes 2.15 and 15)

2.2.1 | New accounting standards and interpretations in effect starting from 2011

Since January 1, 2011, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union, but their application had no effect on the Group's financial statements:

- Amendment to IAS 32 "Financial Instruments: Presentation - Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

- The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.

- IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" addresses the accounting treatment where the terms of a financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such financial liability.
- The amendment to IFRIC Interpretation 14 "Prepayments of a Minimum Funding Requirement" permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset.
- Improvements issued in May 2010 clarify or introduce small changes to several standards and interpretations.

2.2.2 | New accounting standards and interpretations approved by the European Union with effect in future periods.

Amendment to IFRS 7 "Transfers of Financial Assets" increases the required disclosures on the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The application of this amendment will be mandatory for fiscal years starting after June 30th, 2011.

2.2.3 | Accounting standards and interpretations issued by IASB but not yet approved by the European Union

In 2011, IASB issued new standards. Their potential impact is currently under review by the Group:

- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). It requires to present the items that have to be reclassified to profit and loss separately. When items of OCI are presented before tax, tax effect must split on the same basis.

- IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities".

- IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.

- IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- IFRS 13 “Fair Value Measurement” defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

- The amendment to IAS 19 “Employee Benefits”:

    - eliminates the option to defer the recognition of actuarial gains and losses, under the “corridor method”,

    - removes the concept of expected returns on plan assets,

    - changes the recognition method of past service costs which are no longer expensed on a straight-line basis over the average period until the benefits become vested,

    - updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and

    - increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

- Following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised:

    - IAS 27 "Separate Financial Statements" now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and

    - IAS 28 "Investments in Associates and Joint Ventures" prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

2.3 | Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2011. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, present and potential exercisable voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. The financial statements for subsidiaries are prepared for the period corresponding to that for the presentation of the Group’s consolidated financial statements using consistent accounting policies. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated in preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the foreign currency translation recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained

- Recognizes any benefit or deficit in profit or loss
- Reclassifies components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

2.4 | Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied (see note 2.10.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into euros at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net Investment in Foreign Operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

Hedge of Net Investment in Foreign Operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in equity. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.5 | Intangible Assets

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

Any contingent considerations are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classified as assets or liabilities are recorded in the income statement.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment and as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.8).

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.8).

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 0.8% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition.

Computer software purchased for routine processing operations is recognized as an intangible asset. Internally developed software which enhances productivity is capitalized.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 5 to 10 years.

2.6 | Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.8).

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Leased Assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.8). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

• Commercial and office buildings	20 to 35 years
• Building improvements and operating equipment	5 to 10 years
• Transportation equipment	3 to 8 years
• Computers and hardware	3 to 5 years

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 | Investments in Associates

Investments in entities over which the Group has a significant influence are accounted for using the equity method.

Interests in associates are initially carried at cost which includes transaction costs.

The consolidated financial statements include the Group's share in the results of operations and other components of the comprehensive income, after taking into account adjustments for homogenization with the Group's accounting policies.

When the Group's share in the losses is greater than the value of their interest in the associate, the carrying amount is reduced to zero and the Group ceases to account for its share in future losses, unless the Group has an obligation to share in the losses.

2.8 | Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.9), trade, and other accounts receivable (see note 2.10.3), and deferred tax assets (see note 2.20), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

The recoverable amount of intangible assets that have an indefinite useful life and of intangible assets that are not yet available for use is estimated annually or as soon as there is an indication of impairment.

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

An impairment loss is recognized whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a *pro rata* basis.

Calculation of the Recoverable Amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets) when the effect is material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group performs impairment tests of goodwill at the country level, which represents the lowest level within the entity at which operations are monitored by management for the purpose of measuring return on investment.

Reversal of Impairment Losses

An impairment loss in respect of a held-to-maturity security or receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill may not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.9 | Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

2.10 | Financial assets

2.10.1 | Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are classified as assets available-for-sale and measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in equity and transferred to profit or loss when the asset is sold or permanently impaired.

2.10.2 | Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date. Change in fair value is recognized in profit or loss.

2.10.3 | Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.13) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

2.10.4 | Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting, although set up for the purpose of managing risk (the Group's policy does not authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are classified as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 7.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The assumptions used are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 7.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 13) and the summary of financial liabilities (note 21).

2.10.5 | Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in the cash-flow hedge reserve. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognized).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain (loss) is removed from equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain (loss) at that point is retained in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized in equity is recognized immediately in profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of monetary assets and liabilities denominated in foreign currency

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognized monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognized in profit or loss ("natural hedge").

2.10.6 | Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

2.11 | Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

2.12 | Share capital

Repurchase of equity instruments

When an equity instrument is repurchased by the entity, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.13 | Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.14 | Employee benefits

Group companies operate various pension schemes. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Pension and other long-term benefits include two categories of benefit:

- post-employment benefits including pensions, retirement supplements and medical benefits after retirement,
- other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- defined benefit plans when the employer guarantees a future level of benefits.

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized as an expense (income) in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense (income) is recognized immediately in profit or loss.

The Group recognizes actuarial gains and losses (resulting from changes in actuarial assumptions) using the corridor method. Under the corridor method, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain (loss) is not recognized.

When the calculation results in plan assets exceeding the Group's liabilities, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

The current and past service costs are presented in the income statement as part of the personnel expense.

The interest expenses (income) relating to the unwinding of the discounting of the defined benefit obligation and the expected return on plan assets are presented in financial income and expenses.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognized in the income statement.

2.15 | Share-based payments

Free shares and stock option programs allow the Group employees to acquire shares of the Group entities. The fair value of options granted is recognized as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on Group estimates of the acquired equity instruments in accordance with conditions of granting.

The fair value is measured at grant date using a Black & Scholes model or a binomial model in accordance with the characteristics of the plans.

The proceeds received net of any directly attributable costs are recognized as an increase in share capital (for the nominal value) and share premium when equity instruments are exercised.

2.16 | Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in "Other expenses" (see note 2.18). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment is not justified or when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

2.17 | Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the Group's warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

2.18 | Other income and other expenses

Operating income and expenses as a result of abnormal or unusual events are included as separate line items "Other income" and "Other expenses". These line items include in particular, irrespective of their amount, gains and losses on asset disposals, asset depreciation, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition costs from business combinations and other items such as significant disputes. These items are presented separately in the income statement in order to allow Rexel's Management Board, acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurrent performance of the operating segments.

2.19 | Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.10.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.20 | Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.21 | Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Geographical areas that present substantially similar characteristics are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments, including the electrical equipment distribution business of the Group, are:

- Europe, aggregating Southern continental Europe, Eastern and central Europe, United-Kingdom / Ireland, and Benelux and Nordics,
- North America, aggregating United-States and Canada, and
- The Asia-Pacific area.

The other operating segments are aggregated. They include the Group's electrical equipment distribution operations in Latin America as well as other businesses managed directly at the Group's headquarters.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

2.22 | Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. | BUSINESS COMBINATIONS

3.1 | 2011 acquisitions

As part of Rexel's external growth policy, which aims to strengthen its presence in emerging markets, increase its market share in mature countries and improve the offering of its high value-added services, the Group acquired the following companies in 2011:

<u>Latin America</u>

- *Brazil*

Nortel Suprimentos Industriais, which was acquired on January 19, 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo and recorded annual sales of around €104 million in 2010. The share purchase agreement stipulates an initial transfer of 75% of the share capital rights to the Group and a firm commitment to purchase the remaining 25% of share capital rights in 2013. On October 7, 2011, the Group entered into an amendment to the share purchase agreement to bring forward the sale of the remaining 25% of share capital rights. This entity has been consolidated as of January 1, 2011.

Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo, were acquired on November 30, 2011. They recorded annual sales of around €54 million in 2010. The Group acquired the full ownership of these companies. As these acquisitions were not significant with respect to the Group's financial position and given the acquisition date late in 2011, the consolidation of these entities was postponed to January 1, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

- *Peru*

V&F Tecnologia Comercial SAC, a distributor of electrical supplies specialized in industrial automation projects based in Lima with annual sales of around €10 million in 2010, was acquired on October 4, 2011. The Group acquired full ownership of this company. As this transaction was not significant with respect to the Group's financial position and given the acquisition date late in 2011, the consolidation of this entity was postponed to January 1, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

Asia Pacific

- *China*

Wuhan Rockcenter Automation, acquired in January 2011 and based in Wuhan, posted annual sales of approximately €10 million in 2010. This entity has been consolidated as of January 1, 2011.

In accordance with an Asset and Business Transfer Agreement executed in June 2011, assets of Beijing Zhongheng, a company based in Beijing were acquired by a newly created company for that purpose and 65% controlled by the Group. Beijing Zhongheng posted sales of approximately €34 million in 2010. The Group holds a call exercisable in 2014 to acquire the remaining 35% interest. This entity has been consolidated as of July 1, 2011.

- *India*

Yantra Automation Private Ltd, acquired in January 2011 and based in Pune, is a distributor specialised in Automotive and industrial controls. In 2010, it posted annual sales of approximately €12 million. The Purchase Agreement stipulates the acquisition of 74% of the share capital rights in January 2011 and the acquisition of the rest of the share capital in 2014. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of January 1, 2011.

AD Electronics, a company specialized in industrial automotive distribution and based in Mumbai, was acquired on May 17, 2011. The Purchase Agreement provides for the acquisition of 75% of the share capital rights in May and July 2011 and the acquisition of the rest of the share capital in 2015. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of July 1, 2011.

Europe

- *France*

R-Scan, a start-up company specialized in energy efficiency audits and based in Western France and operating under the trade name of Inoveha, was acquired on September 23, 2011. This transaction bears on the acquisition of an initial 70% ownership interest in the share capital and further put and call options exercisable until 2018. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of October 1, 2011.

Eurodis Sécurité, a distributor of security equipment (fire detection, intrusion, access control, CCTV), was acquired on December 29, 2011. In 2010, it posted annual sales of approximately €18 million. As this transaction is not significant on the group's financial situation and given its acquisition date, this company has not been consolidated in the financial statements as of December 31, 2011. Its inclusion in the group's scope of consolidation has been postponed to January 1st, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

- *Germany*

Tegro (Tech. Elektro Großhandels) GmbH, based in Germany, was acquired on May 3, 2011. It booked sales of approximately €10 million in 2010. This entity has been consolidated as of May 1, 2011.

The table below shows the consideration allocated to identifiable assets and liabilities of the acquired entities in 2011 and entities acquired in 2010 consolidated as of January 1st 2011, estimated on a provisional basis as of December 31, 2011:

(in millions of euros)	
Customer relationship……	14.6
Other fixed assets……	18.4
Other non current assets……	6.7
Current assets……	79.7
Financial debt……	(14.4)
Other non current liabilities……	(9.2)
Current liabilities……	(32.3)
Net asset acquired (except goodwill acquired)……	**63.3**
Goodwill acquired ……	92.1
Consideration transferred……	**155.4**
Cash acquired ……	(11.3)
Deferred payments……	(6.4)
Payments related to entities consolidated as of January 1, 2012	33.1
Net cash paid for acquisitions……	**170.7**
Payments in 2010 [(1)] ……	(66.4)
Foreign currency translation……	(3.8)
Net cash flow for the period……	**100.5**

(1) converted at the exchange rate on the acquisition date

The amount of fees associated with these acquisitions totaled €7.5 million, of which €5.6 million was incurred for the period ended December 31, 2011.

In Brazil, goodwill of €45.3 million is tax deductible.

3.2 | 2010 acquisitions

In December 2010, the Group acquired two electrical equipment distributors: Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China.

Grossauer Elektro-Handels AG, based in Heiden in Eastern Switzerland, has annual sales of around €50 million, and is active mainly in the industrial end-market.

LuckyWell Int'l Investment Limited is a holding company which controls 100% of its operational subsidiary, Beijing Lucky Well Zhineng Electrical Co, active in the provinces of Beijing and Tianjin and essentially addresses industrial clients. This company has annual sales of around €16 million. All of the shares in LuckyWell Int'l Investment Limited were acquired.

These companies have been consolidated starting from January 1, 2011.

For the period ended December 31, 2011, the contribution of the entities acquired in 2010 and 2011 to the Group's sales and operating income amounts approximately to €223.4 million and €12.5 million respectively.

4. | SEGMENT REPORTING

Information by geographic sector for the periods ending December 31, 2011 and 2010

2011 *(in millions of euros)*	**Europe**	**North America**	**Asia-Pacific**	**Other segments**	**Total Operating Segments**	**Holding Companies**	**Total Group**
Income statement items							
Sales to external customers……………	7,437.7	3,692.1	1,278.4	308.9	**12,717.1**	-	**12,717.1**
Depreciation……………………………	(47.0)	(16.8)	(4.8)	(2.2)	**(70.8)**	(1.7)	**(72.5)**
EBITA [(1)] ………………………………	511.2	163.7	77.8	13.9	**766.6**	(47.0)	**719.6**
Goodwill impairment ……………………	(54.8)	-	(4.7)	-	**(59.5)**	-	**(59.5)**
Cash flow statement item							
Capital expenditures net of disposals …	(51.0)	(11.6)	(8.0)	7.3	**(63.3)**	(5.1)	**(68.4)**
Balance sheet items							
Working capital…………………………	631.3	389.0	174.6	38.7	**1,233.6**	37.0	**1,270.6**
Goodwill…………………………………	2,644.6	1,049.9	266.8	40.9	**4,002.2**	-	**4,002.2**

2010 *(in millions of euros)*	**Europe**	**North America**	**Asia-Pacific**	**Other segments**	**Total Operating Segments**	**Holding Companies**	**Total Group**
Income statement items							
Sales to external customers……………	6,966.8	3,530.8	1,116.3	346.2	**11,960.1**	-	**11,960.1**
Depreciation……………………………	(46.9)	(19.7)	(4.2)	(3.7)	**(74.5)**	(1.6)	**(76.1)**
EBITA [(1)] ………………………………	446.5	123.1	63.7	12.6	**645.9**	(30.0)	**615.9**
Goodwill impairment ……………………	(27.7)	-	(8.9)	-	**(36.6)**	-	**(36.6)**
Cash flow statement item							
Capital expenditures net of disposals …	(29.9)	(13.7)	(4.6)	(2.7)	**(50.9)**	(1.5)	**(52.4)**
Balance sheet items							
Working capital…………………………	679.7	348.5	133.9	44.1	**1,206.2**	(11.3)	**1,194.9**
Goodwill…………………………………	2,644.9	1,028.0	249.0	9.3	**3,931.2**	-	**3,931.2**

[(1)] EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

(in millions of euros)	For the period ended December 31, **2011**	**2010**
EBITA - Total Group………………………………………	**719.6**	**615.9**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities..	(15.7)	(22.8)
Other income and other expenses………………………..	(107.0)	(107.7)
Net financial expenses…………………………………..	(191.1)	(203.1)
Share of profit/(losses) of associates…………………….	2.8	4.7
Group consolidated income before income tax…...	**408.6**	**287.0**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

(in millions of euros)	As of December 31, 2011	2010
Working capital……………………………………………..	1,270.6	1,194.9
Goodwill…………………………………………………….	4,002.2	3,931.2
Total allocated assets & liabilities …………………….	**5,272.8**	**5,126.1**
Liabilities included in allocated working capital…………..	2,546.3	2,434.9
Other non-current assets…………………………………	1,331.7	1,321.2
Deferred tax assets………………………………………	144.3	138.6
Income tax receivable……………………………………..	21.0	29.7
Assets classified as held for sale…………………………	3.7	23.1
Derivatives…………………………………………………	2.0	1.7
Cash and cash equivalents………………………………..	413.7	311.9
Group consolidated total assets……………………….	**9,735.5**	**9,387.2**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31, 2011	2010
Personnel costs (salaries & benefits) …………………….	1,439.7	1,374.3
Building and occupancy costs ……………………………	257.0	262.8
Other external costs ………………………………………	583.5	565.8
Depreciation expense ……………………………………	72.5	76.1
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities ..	15.7	22.8
Bad debt expense …………………………………………	45.2	50.7
Total distribution and administrative expenses	**2,413.6**	**2,352.5**

6. | SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31 2011	2010
Salaries and social security charges …………………….	1,384.8	1,324.3
Share-based payments …………………………………	17.2	9.8
Pension and other post-retirement benefits-defined benefit plans ……………………..……………………….	15.8	16.2
Other employee benefits …………………………………	21.9	24.0
Total employee expenses …………………………	**1,439.7**	**1,374.3**

7. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31, 2011	2010
Gains on disposal of consolidated entities ……………….	26.1	-
Gains on disposal of tangible assets ……………………...	8.4	2.9
Write-back asset impairment …………………..………..	0.2	-
Release of unused provisions …………………………….	4.5	5.7
Other operating income …………………………………….	0.4	7.5
Total other income ……………………………………	**39.6**	**16.1**
Restructuring costs …………………..……….…………	(39.8)	(65.2)
Losses on non-current assets disposed of ………………	(2.0)	(11.2)
Impairment of goodwill and fixed assets………………….	(87.9)	(40.9)
Acquisition related costs…………………………………..	(5.6)	(2.2)
Other operating expenses ……………………………..……	(11.3)	(4.3)
Total other expenses …………………………………	**(146.6)**	**(123.8)**

7.1 | Other income

Capital gains

In 2011, €26.1 million gains on consolidated entities included (i) a gain related to the disposal of Hagemeyer Brands Australia Pty Limited, a company involved in the distribution of consumer electronics and kitchen appliances in Australia, corresponding to the exchange gain initially recognized in other comprehensive income and reclassified from equity to profit and loss and (ii) a gain related to the disposal of Kompro B.V., a company specialized in the retail distribution and maintenance of multi-function printers in The Netherlands.

In addition, other capital gains were mainly related to the disposal of the business of three commercial branches in the United States for €5.3 million, the disposal of three operational buildings in France for €1.7 million, the disposal of the Spanish head office in Barcelona for €0.7 million and the disposal of tangible assets for €0.4 million in Slovenia.

In 2010, capital gains were mainly related to the disposal of two branches in Sweden and one in Italy for €1.7 million and €0.7 million respectively.

Release of unused provisions

In 2011, this line item mainly included the release of provisions on litigations with French social security authorities for €2.1 million and on the closing of the liquidation of Ceteco, a Dutch subsidiary of Hagemeyer for €1.0 million.

In 2010, this line item included the release of unused provisions for restructuring.

Other operating income

In 2010, other operating income included a €3.6 million curtailment gain relating to the pension plan in The Netherlands and a €3.7 million tax indemnification from the PPR group under a warranty granted to Rexel in 2005.

7.2 | Other expenses

Restructuring costs

In 2011, restructuring costs were mainly related to restructuring plans in Europe for €31.2 million (mainly in Spain, in the United Kingdom and in The Netherlands), in North America for €6.3 million and in Asia-Pacific for €1.9 million (mainly in New Zealand).

In 2010, restructuring costs were mainly related to the restructuring plans initiated in 2009 to adapt the Group's structure to market conditions, and were located in Europe for €48.3 million and in North America for €12.6 million.

Losses on non-current assets disposed of

In 2011, losses on fixed assets were mainly composed of discarded equipment in relation to the merger of four branches in Spain for €0.8 million and of €0.4 million impairment of assets in the United Kingdom.

In 2010, losses on non-current assets were related to the sale of two legacy non-core businesses of Hagemeyer:

- Hagemeyer Cosa Liebermann in Asia (HCL Asia), a company operating as a wholesaler and duty-free agent of luxury goods in Asian countries, sold to DKSH Holding Ltd, a Swiss company, on February 25, 2010 for total consideration of USD12.7 million (€9.0 million). Capital loss on this disposal amounted to €6.4 million.
- Haagtechno B.V., a company in The Netherlands involved in import, warehousing and distribution of electronic products manufactured by Panasonic, sold to Panasonic Marketing Europe GmbH on June 30, 2010 for a total consideration of €15.5 million. Capital loss on this disposal amounted to €2.7 million.

Goodwill and assets impairment

In 2011, impairments on goodwill have been recognized for €59.5 million and allocated to The Netherlands for €47.2 million, to Slovenia for €7.6 million and to New Zealand for €4.7 million, due to the deterioration of the expected performance of those cash generating units. In addition, impairment on Spanish fixed assets other than goodwill has been recognized for €20.7 million (see note 10.1). Moreover, this line item includes €7.0 million impairment of the assets of Hagemeyer Brands Australia Pty Ltd, disposed of in the third quarter of 2011.

In 2010, impairment was recognized on the goodwill of The Netherlands, New Zealand and Slovenia for respectively €23.5 million, €8.9 million and €4.2 million.

Acquisition-related costs

In 2011, the costs incurred in connection with acquisition projects amount to €5.6 million.

Other operating expenses

In 2011, other expenses were mainly related to litigations with social security authorities for €6.5 million, to employee claims for €2.0 million and to tax claims for €0.8 million.

In 2010, other expenses referred mainly to a cost of €2.3 million as a warranty granted by the Group as part of share sales and a cost of €0.5 million in impairment of the group of assets and liabilities held for sale, relating to the distribution activity in Australia of Smeg electrical appliances.

8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the year ended December 31, 2011	2010
Expected return on employee benefit plan assets …………………	50.2	46.7
Interest income on cash and cash equivalents ……………………..	2.0	0.9
Interest income on receivables and loans …………………………….	2.3	1.7
Financial income ……………………………………………………	**54.5**	**49.3**
Interest expense on financial debt (stated at amortized costs)………	(156.0)	(151.0)
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement (1)…………………....	(24.3)	(33.8)
Foreign exchange gain (loss)……………………………………..…….	11.0	(10.2)
Change in fair value of exchange rate derivatives through profit and loss ..…………………………………………………………………….	(5.9)	10.7
Change in fair value of interest rate derivatives through profit and loss ..…………………………………………………………………….	(8.1)	(5.5)
Interest expense on borrowings …………………………………	**(183.2)**	**(189.8)**
Interest cost of employee benefit obligation and other long-term liabilities ……..…..	(55.2)	(54.7)
Financial expenses (other) ……………………...…………………….	(7.2)	(7.9)
Other financial expenses ……………………………………………	**(62.4)**	**(62.6)**
Financial expenses (net)	**(191.1)**	**(203.1)**

(1) of which a €13.1 million expense related to the reclassification of losses previously deferred through equity relating to the fair value of swaps designated as a hedge of variable interest rate cash-flows on the US dollar for €12.1 million, Canadian dollar for €0.4 million and Swiss franc for €0.7 million, following the partial repayment of the underlying senior credit facilities during the 2nd and 3rd quarter of 2011 (see note 20).

9. | INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 | Income tax expense

(in millions of euros)	For the year ended December 31 2011	2010
Current tax …………………………………………………	(104.5)	(47.4)
Prior year adjustments on current income tax…………….	1.5	(1.5)
Deferred tax …………………………………………………	13.4	(8.9)
Total income tax expense ………………………………	**(89.6)**	**(57.8)**

9.2 | Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	2011	2010
Net deferred tax at the beginning of the period ………….	**(5.9)**	**8.3**
Deferred tax income (expense) …………………………………	13.4	(8.9)
Change in consolidation scope …………………………………	(0.9)	0.3
Translation differences …………………………………………	4.4	2.5
Other changes ………………………………………………..	0.4	(8.1)
Net deferred tax at the end of the period …………………	**11.4**	**(5.9)**

In 2010, other changes mainly consisted of tax effect on fair value of derivative instruments recognized directly through equity for €7.8 million.

Deferred tax assets and liabilities are broken down as follows:

	As of December 31	
(in millions of euros)	2011	2010
Intangible assets …………………………………………………	(274.5)	(265.7)
Property, plant and equipment……………………………………	7.8	14.8
Financial assets ………………………………………………….	(11.7)	(11.3)
Trade accounts receivable……………………………………..	18.6	18.2
Inventories ………………………………………………………..	8.2	1.6
Employee benefits ……………………………………………….	59.3	49.8
Provisions ……………………………………………………..	7.8	16.0
Financing fees ……………………………………………………	(1.0)	(7.9)
Other items ………………………………………………………	23.9	22.3
Tax losses carried forward ……………………………………..	350.3	351.2
Deferred tax assets / (liabilities), net	**188.9**	**189.0**
Valuation allowance on deferred tax assets ……………………	(177.5)	(194.9)
Net deferred tax assets / (liabilities)	**11.4**	**(5.9)**
of which deferred tax assets	144.3	138.6
of which deferred tax liabilities	(132.9)	(144.5)

Depreciation of deferred tax assets of €177.5 million at December 31, 2011 (€194.9 million at December 31, 2010), is determined in respect of the recoverability of net deferred tax assets assessed by each tax entity. The recoverable amount is based on the expected taxable profits over the next 5 years as well as risks arising from tax reassessments. At December 31, 2011, it mainly refers to the losses carried forward in the United Kingdom, France and Spain.

9.3 | Effective tax rate

(in millions of euros)	2011	2010
Income before tax and before share of profit in associates…………	405.8	282.3
French legal tax rate ………………………………………………….	*36.1%*	*34.4%*
Income tax calculated at the legal tax rate …………………………….	(146.5)	(97.2)
Differences of tax rates in foreign jurisdictions ……………………….	25.4	17.1
Changes in tax rates …………………………………………………….	(2.0)	0.1
(Current year losses unrecognized), prior year losses utilized ………	38.6	28.4
(Non-deductible expenses), tax exempt revenues………………………	(5.1)	(6.2)
Actual income tax expense	**(89.6)**	**(57.8)**
Effective tax rate	***22.1%***	***20.5%***

In 2011, the impact on the income tax expense of non-deductible expenses and tax exempt revenues mainly include a tax gain resulting from legal reorganisations of French holding companies for €39.1 million partially offset by tax reassessment in France for €31.6 million (see note 24.2). Prior year losses carried forward have been partially recognized in the UK and resulted in a deferred tax asset of €42.8 million (£37.1 million) following the assessment of future taxable profits as of the balance sheet date.

In 2010, a deferred tax asset relating to French prior year losses carried forward was recognized for €33.1 million in respect of the assessment of the recoverability of such losses at the balance sheet date.

10. | LONG-TERM ASSETS

10.1 | Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks	Software and intangible assets with finite useful lives[1]	**Total intangible assets**	**Goodwill**
Gross carrying amount as of January 1, 2010 ……………………………………….	**185.6**	**568.5**	**348.9**	**1 103.0**	**3 869.3**
Effect of acquisitions and divestitures …………	-	-	(11.1)	**(11.1)**	**(0.3)**
Additions ……………………………………………	-	-	20.1	**20.1**	**-**
Disposals ……………………………………………	-	-	(2.7)	**(2.7)**	**-**
Exchange differences ……………………………	-	32.2	18.7	**50.9**	**212.5**
Other changes ………………………………………	-	-	(12.4)	**(12.4)**	**0.1**
Gross carrying amount as of December 31, 2010 ………………………	**185.6**	**600.7**	**361.5**	**1 147.8**	**4 081.6**
Effect of acquisitions and divestitures …………	-	-	5.0	**5.0**	**90.9**
Additions ……………………………………………	-	-	34.0	**34.0**	**-**
Disposals ……………………………………………	-	-	(2.4)	**(2.4)**	**-**
Exchange differences ……………………………	-	7.4	5.7	**13.1**	**39.0**
Other changes ………………………………………	-	-	(1.1)	**(1.1)**	**(0.1)**
Gross carrying amount as of December 31, 2011 ………………………	**185.6**	**608.1**	**402.7**	**1 196.4**	**4 211.4**
Accumulated amortization and depreciation as of January 1, 2010 …….	**-**	**-**	**(175.2)**	**(175.2)**	**(109.9)**
Change in consolidation scope …………………	-	-	5.1	**5.1**	**-**
Amortization expense ……………………………	-	-	(45.0)	**(45.0)**	**-**
Impairment losses [2] ……………………………	-	-	(1.0)	**(1.0)**	**(36.6)**
Decrease of amortization ………………………	-	-	2.6	**2.6**	**-**
Exchange differences ……………………………	-	-	(9.4)	**(9.4)**	**(3.9)**
Other changes ………………………………………	-	-	9.5	**9.5**	**-**
Accumulated amortization and depreciation as of December 31, 2010 ..	**-**	**-**	**(213.4)**	**(213.4)**	**(150.4)**
Change in consolidation scope …………………	-	-	8.2	**8.2**	**0.4**
Amortization expense ……………………………	-	-	(37.1)	**(37.1)**	**-**
Impairment losses [3] ……………………………	-	(5.8)	(11.4)	**(17.2)**	**(59.5)**
Decrease of amortization ………………………	-	-	(0.5)	**(0.5)**	**-**
Exchange differences ……………………………	-	-	(4.3)	**(4.3)**	**0.2**
Other changes ………………………………………	-	-	3.6	**3.6**	**0.1**
Accumulated amortization and depreciation as of December 31, 2011 ..	**-**	**(5.8)**	**(254.9)**	**(260.7)**	**(209.2)**
Carrying amount at January 1, 2010	185.6	568.5	173.7	927.8	3 759.4
Carrying amount at December 31, 2010	185.6	600.7	148.1	934.4	3 931.2
Carrying amount at December 31, 2011	185.6	602.3	147.8	935.7	4 002.2

(1) Including customer relationships for a net book value of €26.0 million as of December 31, 2011.

(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia (see note 7.2)

(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain

Goodwill arising in a business combination represents a payment made by the purchaser in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately according to IFRS, such as market shares, the value of human capital, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration.

Impairment testing of goodwill and intangibles with indefinite lives

For the requirements of impairment testing, goodwill and other intangible assets (strategic partnerships and distribution networks) with an indefinite life have been allocated to the following cash-generating units:

(in millions of euros)		At December 31, 2011			At December 31, 2010		
CGU	**Geographical segment**	**Goodwill**	**Other intangible assets [1]**	**Total**	**Goodwill**	**Other intangible assets [1]**	**Total**
France	Europe	946.6	169.4	1,116.0	945.6	169.4	1,115.0
United States	North America	575.0	81.2	656.2	551.6	78.6	630.2
Canada	North America	480.2	76.7	556.9	476.3	76.0	552.3
The Netherlands	Europe	126.0	17.3	143.3	173.2	17.3	190.5
Sweden	Europe	200.7	21.1	221.8	199.5	21.0	220.5
Germany	Europe	172.9	51.7	224.6	171.3	51.7	223.0
United Kingdom	Europe	185.8	61.3	247.1	180.3	59.4	239.7
Norway	Europe	193.4	16.0	209.4	192.3	15.9	208.2
Australia	Asia-Pacific	191.3	30.5	221.8	185.2	29.5	214.7
Switzerland	Europe	224.8	34.7	259.5	180.6	33.7	214.3
Other		705.5	228.0	933.5	675.3	233.8	909.1
	Total	**4,002.2**	**787.9**	**4,790.1**	**3,931.2**	**786.3**	**4,717.5**

[1] Intangible assets with an indefinite useful life

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on cash flows arising from the three-year strategic plan performed in June and updated during the budgetary process in November 2011. Cash flows are extrapolated over a period of five years and take into account a terminal value. A perpetuity growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and beta factors. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

- Discount rate

The following discount rates are used to estimate the value-in-use:

	2011	**2010**
France	7.40%	6.80%
United States	7.00%	6.80%
Canada	6.80%	6.90%
The Netherlands	8.00%	7.10%
Sweden	8.10%	7.00%
Germany	7.70%	6.60%
United Kingdom	7.50%	7.40%
Norway	8.70%	7.60%
Australia	9.10%	9.00%
Switzerland	6.50%	6.10%
Other	6.8% to 12.5%	7.0% to 13.0%

- Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. This rate is not subject to changes over the short term. The perpetuity growth rates used to measure the terminal value were 2% for mature markets, 3% for China and 4.5% for Brazil, identical to those used in 2010.

As a result of impairment tests, a loss of €59.5 million was recognized in 2011 (€36.6 million in 2010) and allocated to goodwill in The Netherlands (€47.2 million), in New Zealand (€4.7 million), and in Slovenia (€7.6 million) due to the deterioration of the expected performance of these CGUs. In Spain, an impairment of €20.7 million in aggregate was recognized as a result of the decline in the construction market and a decreased demand of electrical supplies. The latter was allocated to intangible assets with indefinite useful life (distribution network) for €5.8 million, to other intangible assets (mainly customer relationships) for €4.3 million and to other tangible assets for €10.6 million (see note 10.2).

In addition, an impairment of €7.0 million was also recognized in connection with the disposal of the assets of Hagemeyer Brands Australia Pty Ltd, in the third quarter of 2011.

In 2010, impairment losses of €36.6 million were recognized and allocated to goodwill in the Netherlands (€23.5 million), in New Zealand (€8.9 million), and in Slovenia (€4.2 million) due to the deterioration in the economic climate and the downturn in markets.

Sensitivity analysis

With regards to the assessment of value-in-use of goodwill and other intangible and fixed assets, the Group believes that no reasonably possible changes in the EBITA margin, discount rate or perpetuity growth rate (less than or equal to 50 basis points) would cause the carrying value of the above cash-generating units to materially exceed its recoverable amount, excluding Brazil (for which the carrying value equals the recoverable amount) and the cash-generating units already impaired in 2011. Therefore, for the latter countries, any adverse movement in a key assumption would lead to a further impairment.

A 50 basis points increase in the discount rate, applied to the value in use of all cash-generating units would result in an additional €26.9 million impairment expense. A 50 basis points decrease in the perpetuity growth rate or in the EBITA margin would result in additional impairment expenses of €15.6 million and €35.3 million respectively.

10.2 | Property, plant & equipment

(in millions of euros)	Land & Buildings	Plant & Equipment	Other tangible assets	**Total property, plant and equipment**
Gross carrying amount as of January 1, 2010 ……………………………………………..	**184.1**	**636.8**	**29.8**	**850.7**
Effect of acquisitions and divestitures ……………	(0.5)	(10.6)	-	**(11.1)**
Additions ………………………………………………	6.0	28.0	3.3	**37.3**
Disposals ………………………………………………	(10.4)	(31.3)	(0.3)	**(42.0)**
Exchange differences ………………………………	5.0	33.5	1.7	**40.2**
Other changes ………………………………………	20.0	(26.5)	0.4	**(6.1)**
Gross carrying amount as of December 31, 2010 ………………………………………	**204.2**	**629.9**	**34.9**	**869.0**
Effect of acquisitions and divestitures ……………	24.3	(0.7)	(5.4)	**18.2**
Additions ………………………………………………	21.0	39.0	4.4	**64.4**
Disposals ………………………………………………	(22.7)	(41.3)	(6.7)	**(70.7)**
Exchange differences ………………………………	2.7	5.4	-	**8.1**
Other changes ………………………………………	15.4	3.6	(1.5)	**17.5**
Gross carrying amount as of December 31, 2011 ……………………………………..	**244.9**	**635.9**	**25.7**	**906.5**
Accumulated depreciation and amortization as of January 1, 2010 ……	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Change in consolidation scope ……………………	0.5	9.5	-	**10.0**
Depreciation expense ………………………………	(10.0)	(40.3)	(4.0)	**(54.3)**
Impairment losses ……………………………………	(2.7)	(0.6)	-	**(3.3)**
Release …………………………………………………	6.6	29.5	0.3	**36.4**
Exchange differences ………………………………	(1.7)	(26.8)	(1.2)	**(29.7)**
Other changes ………………………………………	(10.5)	17.4	(0.5)	**6.4**
Accumulated depreciation and amortization as of December 31, 2010……………………………………………..	**(95.2)**	**(501.4)**	**(27.0)**	**(623.6)**
Change in consolidation scope ……………………	(11.9)	3.7	4.3	**(3.9)**
Depreciation expense………………………………	(10.4)	(38.2)	(2.5)	**(51.1)**
Impairment losses…………………………………	(9.3)	(1.9)	-	**(11.2)**
Release …………………………………………………	7.5	39.7	6.6	**53.8**
Exchange differences ………………………………	(1.2)	(4.5)	-	**(5.7)**
Other changes ………………………………………	(2.1)	(0.8)	(0.2)	**(3.1)**
Accumulated depreciation and amortization as of December 31, 2011 .	**(122.6)**	**(503.4)**	**(18.8)**	**(644.8)**
Carrying amount at January 1, 2010	**106.7**	**146.7**	**8.2**	**261.6**
Carrying amount at December 31, 2010	**109.0**	**128.5**	**7.9**	**245.4**
Carrying amount at December 31, 2011	**122.3**	**132.5**	**6.9**	**261.7**

The net additions of the period include €18.4 million of assets acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities, and the corresponding variation of financial debt was included in “Net change in finance lease liabilities” in cash flows from financing activities.

Impairment of property, plant and equipment

In 2011, impairment loss accounted for and recognized under "Other expenses" (see notes 2.18 and 7.2) resulted in the write down of certain properties and equipment to bring their net book value to their recoverable amount. Impairments were recorded mainly in Spain, for €10.6 million (see note 10.1).

In 2010, impairments concerned mainly Poland, Spain and the United Kingdom.

The assumptions used to establish the value in use of tangible assets are identical to those used for goodwill impairment tests.

10.3 | Long-term investments

(in millions of euros)	As of December 31 2011	2010
Loans ……………………………………………………	0.8	0.2
Deposits ………………………………………………..	15.8	8.7
Other financial assets …………………………………	105.9	123.2
Long-term investments ………………………………	**122.5**	**132.1**

As of December 31, 2011, other long-term investments comprised mainly (i) the asset surplus of defined benefit plans relating to the liability of Hagemeyer pension plans in The Netherlands for a total of €43.3 million (€41.1 million in 2010 – see note18), (ii) fair value hedging instruments for €25.9 million (€5.7 million in 2010) and derivatives held for trading for a total of €1.6 million (€2.7 million in 2010 was related to derivatives for cash-flow hedges).

They also include the purchase price of the shares and quotas in the Peruvian company V&F Tecnología for €4.5 million, in the Brazilian company Delamano for €14.5 million and in the French company Eurodis for €14 million (see note 3.1).

As of December 31, 2010 long-term investments included the fair market value of the shares in the Swiss company Grossauer for a total of €68.0 million and shares in LuckyWell for a total of €2.3 million (see note 3).

10.4 | Investments in associates

The Group holds 66.67% of the shares in DPI, Inc, of which 59.52% are held in the form of non-voting preference shares. The investment in DPI, Inc. was accounted for using the equity method.

The following table presents the financial information of DPI, Inc.:

(in millions of euros) - unaudited	As of December 31	
DPI, Inc. balance sheet information	**2011**	**2010**
Total assets	58.3	47.2
Total liabilities	(37.8)	(30.5)
Shareholders' equity	**20.6**	**16.7**

	For the year ended December 31,	
DPI, Inc. sales and net income	**2011**	**2010**
Sales	122.4	139.3
Net income	4.2	7.1

11. | CURRENT ASSETS

11.1 | Inventories

(in millions of euros)	As of December 31 2011	2010
Cost …………………………………………………………	1,334.8	1,294.8
Allowance …………………………………………………	(94.0)	(91.7)
Net inventories ……………………………………………	**1,240.8**	**1,203.1**

Changes in impairment losses:

(in millions of euros)	2011	2010
Allowance for inventories as of January 1………………	(91.7)	(98.6)
Change in consolidation scope ……………………………	(4.1)	1.4
Net change in allowance……………………………………	(0.8)	3.9
Translation difference ………………………………………	(0.4)	(6.0)
Other changes ………………………………………………	3.2	7.6
Allowance for inventories as of December 31…………	**(94.0)**	**(91.7)**

11.2 | Trade accounts receivable

(in millions of euros)	As of December 31 2011	2010
Nominal value ………………………………………………	2,269.9	2,158.0
Impairment losses …………………………………………	(147.0)	(136.0)
Trade accounts receivable ……………………………	**2,122.9**	**2,022.0**

Trade accounts receivable include taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €243.7 million as of December 31, 2011 (€213.2 million as of December 31, 2010).

The Group has put in place credit insurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €836.7 million as of December 31, 2011 (€716.4 million as of December 31, 2010).

Finally, in certain countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €238.0 million as of December 31, 2011 (€213.9 million as of December 31, 2010).

On December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). This agreement allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2014.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of the transfer to the purchaser of all risks and obligations attached to the receivables assigned in relation to the Ester program, these receivables are derecognized. The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2011, derecognized receivables totaled €102.8 million (€97.7 million as of December 31, 2010) and the resulting loss was recorded as a financial expense for €4.1 million (€5.7 million in 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €15.3 million and was recognized in financial liabilities.

In addition, the Group manages other on-balance sheet securitization programs as described in note 19.1.3.

Changes in impairment losses:

(in millions of euros)	2011	2010
Impairment losses on trade accounts receivable as of January 1……………………………………….	**(136.0)**	**(119.2)**
Change in consolidation scope …………………………….	(1.8)	-
Net depreciation …………………………………………..	(40.6)	(39.5)
Translation differences ………………..…………………….	(0.3)	(3.7)
Other changes …………………………………………….	31.7	26.4
Impairment losses on trade accounts receivable as of December 31……………………………………..	**(147.0)**	**(136.0)**

As of December 31, 2011, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for a total of €101.9 million (€86.0 million as of December 31, 2010).

The balance of impairment losses recorded corresponds to the risks estimated on the basis of late payments.

The summary of overdue receivables for which no impairment provision has been raised is as follows:

	As of December 31	
(in millions of euros)	**2011**	**2010**
From 1 to 30 days …………………………………………	232.3	217.5

In accordance with the accounting principle stated in note 2.10.3, all receivables above 30 days are subject to an impairment provision.

11.3 | Other accounts receivable

	As of December 31	
(in millions of euros)	**2011**	**2010**
Purchase rebates ……………………………………………	318.7	294.1
VAT receivable and other sales taxes ……………………	25.8	22.0
Prepaid expenses …………………………………………	40.4	29.9
Derivatives …………………………………………………	2.1	1.7
Other receivables …………………………………………	68.2	58.7
Total accounts receivable ……………………………	**455.2**	**406.4**

12. | CASH AND CASH EQUIVALENTS

(in millions of euros)	As of December 31 2011	2010
Short-term investments	135.3	124.6
Cash at bank	277.2	186.2
Cash in hand	1.2	1.1
Cash and cash equivalents	**413.7**	**311.9**

As of December 31, 2011, short-term investments include units in mutual funds, valued at their fair market value, for a total of €133.3 million (€122.1 million in 2010). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

13. | SUMMARY OF FINANCIAL ASSETS

(in millions of euros)		IAS 39 Category	Hierarchy	As of December 31 2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Loans		L&R		0.8	0.8	0.2	0.2
Deposits		L&R		15.8	15.8	8.7	8.7
Assets available for sale		AFS		33.3	33.3	70.9	70.9
Hedging derivatives	(1)	N/A	2	25.9	25.9	8.8	8.8
Other derivative instruments		TR	2	1.6	1.6	-	-
Others	(2)	N/A		46.7	N/A	43.5	N/A
Total long-term investments				**124.1**	**-**	**132.1**	**-**
Trade accounts receivable		L&R		**2 122.9**	**2 122.9**	**2 022.0**	**2 022.0**
Supplier rebates receivable		L&R		318.7	318.7	294.1	294.1
VAT and other sales taxes receivable	(2)	N/A		25.8	N/A	22.0	N/A
Other accounts receivable		L&R		68.2	68.2	58.7	58.7
Hedging derivatives	(1)	N/A	2	0.7	0.7	-	-
Other derivative instruments		TR	2	1.4	1.4	1.7	1.7
Prepaid expenses	(2)	N/A		40.4	N/A	29.9	N/A
Total other current assets				**455.1**	**-**	**406.4**	**-**
Short-term investments		FV	1	135.3	135.3	124.6	124.6
Cash		L&R		278.4	278.4	187.3	187.3
Cash and cash equivalents				**413.7**	**-**	**311.9**	**-**

(1) Specific accounting treatment for hedging
(2) Not a financial instrument under IAS 39

Loans and receivables	L&R
Assets available for sale	AFS
Investments held for trading	TR
Fair value through profit or loss	FV
Not applicable	N/A

14. | SHARE CAPITAL AND PREMIUM

14.1 | Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

	Number of Shares	Share capital	Issuance premium
		(in millions of euros)	
On January 1, 2010 ……………………………………………	**258,220,018**	**1,291.1**	**1,392.2**
Exercise of share subscription options [1]……………………………	1,489,092	7.4	0.2
Issuance of shares in connection with free shares plan [2]…………	147,763	0.7	(0.7)
Allocation of free shares [3]…………………………………………	-	-	(8.2)
Issuance of shares in connection with employee share purchase plan………………………………………………………..	356,123	1.8	0.2
On December 31, 2010 ……………………………………………	**260,212,996**	**1,301.0**	**1,383.7**
Exercise of share subscription options [1]……………………………	347,152	1.8	1.2
Issuance of shares in connection with payments of dividends [4]…	5,376,107	26.9	58.7
Issuance of shares in connection with free shares plan [2]…………	2,883,504	14.4	(12.6)
Allocation of free shares [3]…………………………………………	-	-	(18.8)
On December 31, 2011 ……………………………………………	**268,819,759**	**1,344.1**	**1,412.2**

(1) *Exercise of share subscription options*

For the period ended December 31, 2011, 347,152 shares options were exercised by senior employees and key management personnel (1,489,092 for the period ended December 31, 2010).

(2) *Share issues related to bonus share plans*

In May 2011, 268,416 shares were issued in connection with the 2009 bonus free shares plan ("Plan 2+2") and 2,590,621 shares were issued in connection with the 2007 bonus free shares plan ("Plan 4+0") in April 2011. In October 2011, 24,467 shares were issued in connection with 2007 bonus free shares plan ("Plan 4+0").

On June 24, 2010, 146,031 shares were issued in connection with the 2008 bonus free shares plan ("Plan 2+2"). In October 2010, 1,732 shares were issued in connection with 2008 bonus free shares plan ("Plan 2+2").

These plans characteristics are detailed in note 15.

(3) *Bonus share issue*

In accordance with the approval by the Shareholders' Meeting of May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 shares to the executive management, operational managers and key employees of the Group subject to certain conditions (see note 15). In October 11, 2011, 1,684,029 additional shares were granted.

Pursuant to the bonus share scheme, the remittance of the shares would occur at the end of the vesting period either through the delivery of existing shares or newly issued shares. As a consequence, an allocation was made to the "appropriated earnings" as the offsetting of the premium to be issued.

[(4)] *Issuance of shares in connection with payments of dividends*

The Shareholders' Meeting of May 19, 2011 approved the payment of a dividend of €0.40 per share, either in cash or in Group shares at a price of €16, depending on the choice of each shareholder. The total amount of the dividend paid was €105.2 million, of which €19.2 million was paid in cash and €86.0 million was paid by the issuance of 5,376,107 new shares. Costs related to capital increase were booked in reduction of the share premium for an amount of €0.5 million.

(in millions of euros)	For the year ended December 31,		
	2011		2010
Dividends on ordinary shares …………….…………	€	0.40	-
Dividends paid		**105.2**	**-**
o/w: - dividends paid in cash …………………………		19.2	-
- dividends paid in shares……………………..		86.0	-

14.2 | Capital Management

Rexel shares have been listed on the Eurolist Euronext Paris market since April 4, 2007. As part of this stock market listing, the principal indirect shareholders of Rexel, namely funds managed by Clayton, Dubilier & Rice, Inc., Ray France Investment S.A.S. (itself a subsidiary of Eurazeo S.A.), funds managed by North Cove Partners (together the "Principal Investors") and Caisse de Dépôt et de Placement du Québec (together with the Principal Investors, the "Investors") agreed to organize the sale of all or part of the shares of Rexel that they held, directly or indirectly, according to certain terms and conditions. Each of the Investors may thus:

- sell its Rexel shares on the market subject to a maximum volume representing €10.0 million in each 30-day consecutive period;
- initiate a Rexel share transfer in the form (i) of a sale of Rexel's shares through an off-board block trade for a minimum amount of €75 million; or (ii) of a secondary public offering of Rexel's shares, whose minimum estimated proceeds are €150 million, provided that the other Investors may participate in this off-board block trade or secondary public offering and that no other secondary offering has already occurred in the preceding six months.

These planned sale undertakings will terminate on April 12, 2012, or at the date on which the Principal Investors, direct or indirect, holding in Rexel's share capital falls below 40%. In addition, these sale undertakings will cease to apply to the investor who holds (directly or indirectly) less than 5% of Rexel's share capital.

Treasury shares

The Shareholders' Meeting of May 19, 2011 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to buy a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €22 per share. This program is capped at €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 19, 2012).

The objectives of this program in decreasing order of priority are as follows:

- to guarantee the liquidity and promote the market for the shares through the intermediary of an investment services provider;
- to implement any stock option plan of the Company;
- to subsequently conserve and provide shares in exchange or in payment under the framework of external growth operations and within a limit of 5% of the Company's share capital;
- to provide shares when rights attached to the securities giving access to shares in the Company are exercised;
- to cancel all or part of the shares bought back under this program;
- as well as any other objective that complies with regulation in force.

Under this share buy-back program, Rexel entered into a mandate with Natixis, complying with a Code of Ethics recognized by the *Autorité des Marchés Financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel share transactions for an amount of €12.8 million.

In addition, Rexel mandated Natixis in order to buy 1,975,000 treasury shares to serve its free share plans, in the fourth quarter 2011 for an amount of €23.7 million.

On December 31, 2011, Rexel held 2,590,773 treasury shares (103,000 as of December 31, 2010) valued at an average price of €12.12 per share (€16.255 per share as of December 31, 2010) and recorded as a reduction in shareholders' equity, for an amount of €31.4 million (€1.7 million as of December 31, 2010).

Net capital losses realized on the sale of treasury shares in 2011 amounted to €0.6 million net of tax and were recognized as a decrease in shareholders' equity (net capital gain of €1.3 million in 2010).

15. | SHARE-BASED PAYMENTS

15.1 | Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2011

On May 12, 2011 and October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,423,467 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 12, 2013 / October 11, 2013), these being restricted for an additional two-year period (until May 12, 2015 / October 11, 2015), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan.

Vesting conditions are presented in the following table:

Beneficiaries ……………………………	**Members of Group Executive Committee and top managers**		**Other key employees**		**Operational manager**		**Total**
Vesting conditions ……………………..	Two year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date		
Plan……………………………………….	2+2	4+0	2+2	4+0	2+2	4+0	
Delivery date……………………………	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	
Maximum number of shares granted on May 12, 2011 …………………………	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
Maximum number of shares granted on October 11, 2011 [(1)] **………………..**	295,550	8,381	10,929	25,859	-	-	**340,719**
Cancelled in 2011 ………………………	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares allocated as of December 31, 2011 …………….	659,452	434,082	170,386	449,772	86,625	375,750	**2,176,067**
Share fair value at the attribution date May 12, 2011……………………………..	*€17.22*	*€16.42*	*€17.22*	*€16.42*	*€17.22*	*€16.42*	
Share fair value at the attribution date October 11, 2011………………………..	*€11.39*	*€10.34*	*€11.39*	*€10.34*			

(1) Of witch 59 018 shares granted to members of Group Executive Committee with only two year service.

The fair value of Rexel's shares granted to key employees is based upon the stock price at the 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.

Furthermore, October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,343,310 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 11, 2014), these being restricted for an additional two-year period (October 11, 2016), the so-called "3+2 Plan", or five years after the granting date with no subsequent restrictions, the so-called "5+0 Plan". The delivery of these shares is subject to service and market conditions as described below:

Beneficiaries …………………………	Members of Group Executive Committee and top managers	Other key employees	Total
Vesting conditions ……………………	Three year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment condition.		
Plan……………………………………	3+2 Plan	5+0 Plan	
Delivery date……………………………	October 11, 2013	October 11, 2015	
Maximum number of shares granted on October 11, 2011……………………	840,334	502,976	**1,343,310**
Maximum number of shares allocated as of December 31, 2011 …………….	840,334	502,976	**1,343,310**
Share fair value at the attribution date……	*€7,17*	*€6,15*	

The fair value of Rexel's shares granted to key employees was computed on a stochastic calculation which simulates the evolution of Rexel and panel shares quotations at the end of the three years vesting period. 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.

Plans issued in 2010

On May 11, 2010, Rexel implemented bonus share plans for its top executives and key managers amounting to 1,519,862 shares. In accordance with local regulations, these senior executives and key employees will be eligible to receive Rexel shares, either after a period of two years from the grant date (May 12, 2012), with a restriction on their sale for an additional two year period (May 12, 2014) under the "2+2 Plan", or a period of four years after the grant date, with no subsequent restrictions on their sale, under the "4+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions laid down in the plan.

Conditions are presented in the following table:

Beneficiaries ………………………………	Members of Group Executive Committee and top managers		Other key employees		Total
Vesting conditions …………………………	Two year service condition from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		
Plan…………………………………………	2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan	
Delivery date……………………………	May 12, 2012	May 12, 2014	May 12, 2012	May 12, 2014	
Maximum number of shares granted on May 11, 2010 ……………………………….	391,306	544,262	160,836	423,458	**1,519,862**
Cancelled in 2010…………………………..	(6,601)	(9,168)	(6,047)	(23,015)	**(44,831)**
Maximum number of shares allocated as of December 31, 2010 ……………………	384,705	535,094	154,789	400,443	**1,475,031**
Cancelled in 2011…………………………..	(12,013)	(39,568)	(14,670)	(37,185)	**(103,436)**
Maximum number of shares allocated as of December 31, 2011 ……………………	372,692	495,526	140,119	363,258	**1,371,595**
Share fair value at the attribution date….	*€11.4*	*€10.47*	*€11.4*	*€10.47*	

The fair value of Rexel's shares granted to key employees is based upon the stock price at the 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.

Plans issued in 2009 and before

In 2009, 2008 and 2007, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 8,036,308 shares. Depending on local regulations, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates, with a restriction on their sale for an additional two year period, or after a period of four years from the grant date with no subsequent restrictions on their sale.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes.

	Plans issued in 2009	Plans issued in 2008	Plans issued in 2007
Maximum number of shares granted initially ……………….	**1,372,166**	**1,607,961**	**5,056,181**
Shares cancelled……………………………………………………….	(319,333)	(1,080,455)	(275,169)
Shares delivered……………………………………………………….	-	(147,763)	(2,159,291)
Maximum number of shares allocated as of December 31, 2010 and not yet delivered…………………………………………………….	**1,052,833**	**379,743**	**2,621,721**
Shares cancelled in 2011 …………………………………………………….	(16,002)	-	(6,633)
Shares delivered in 2011 …………………………………………………….	(268,416)	-	(2,615,088)
Maximum number of shares allocated as of December 31, 2011 and not yet delivered…………………………………………………….	**768,415**	**379,743**	**-**
Share fair value at the grant date…………………………………………	*€6.42*	*€7.88*	*€16.5*

The fair value of Rexel's shares granted to key employees was based upon the stock price at the grant date. The impact of restrictions attached to dividends relating to these shares for the period until their delivery to beneficiaries has been deducted.

15.2 | Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares, on May 31, 2006 and October 4, 2006, further options were granted to new management personnel. On November 30, 2005, a share option subscription arrangement was set up for a broader circle of key employees of the Group with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under these plans were vested in full upon the Initial Public Offering of Rexel shares in April 2007.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans are qualified as equity-settled transactions.

Date of allocation / beneficiaries	Number of instruments originally allocated	Number of options active as of December 31, 2011	Options term
Options granted to key managers ("Plan No.1")			
- on October 28, 2005	2,711,000	32,820	October 28, 2015
- on May 31, 2006	169,236	-	
- on October 4, 2006	164,460	-	
Options granted to key employees ("Plan No.2")			
- on November 30, 2005	259,050	215,990	November 30, 2015
- on May 31, 2006	34,550	26,376	
Total options granted by Rexel	**3,338,296**	**275,186**	

15.3 | Share-based payment expenses

Expenses related to free share plans are accounted for in "Distribution and administrative expenses" (except for the 2007 plan which was accounted for in "Other expenses" in consideration of the non-recurring nature of the IPO) and are summarized as follows:

(en millions d'euros)	For the period ended December 31, 2011	2010
Plans issued in 2008…………………………………….	-	1.1
Plans issued in 2009…………………………………….	1.2	3.3
Plans issued in 2010…………………………………….	6.9	4.5
Plans issued in 2011…………………………………….	8.8	-
Expense related to employee share purchase plan … (1)	0.3	0.9
Total free share plans expense ……………………	**17.2**	**9.8**

(1) In 2011, the expense are free shares granted in 2010, related to employee share purchase plan.

16. | EARNINGS PER SHARE

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

	For the year ended December 31, 2011	2010
***Net income attributed to ordinary shareholders (** in millions of euros*)………..	***318.3***	***228.5***
Weighted average number of ordinary shares (*in thousands*)………………………..	264,688	259,301
Non dilutive potential shares (in thousands)…………………………………………….	1,637	2,814
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***266,325***	***262,115***
Basic earning per share (in euros)	**1.20**	**0.87**
***Net income attributed to ordinary shareholders (** in millions of euros*)………..	***318.3***	***228.5***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	266,325	262,115
Potential dilutive shares (in thousands)	2,331	2,125
- of which share options (in thousands) …………………………………………….	*189*	*268*
- of which share options related to dividend paid in shares (in thousands) ………	-	*345*
- of which bonus shares (in thousands) (1) ……………………………………………	*2,142*	*1,512*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***268,656***	***264,240***
Fully diluted earnings per share	**1.18**	**0.86**

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

17. | PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of December 31 2011	2010
Provisions …………………………………………………	125.3	124.6
Other non-current liabilities ………………………………	32.3	31.7
Total ……………………………………………………	**157.6**	**156.3**

Other non-current liabilities essentially comprise the fair value of derivative instruments at €22.9 million (€23.0 million at December 31, 2010) (see note 20.1) and debts related to profit sharing schemes for French employees in the amount of €9.4 million (€8.7 million at December 31, 2010).

The variation in provisions is detailed in the table below:

(in millions of euros)	Restructuring	Tax litigation	Other litigation & warranty claims	Vacant properties	**Total provisions**
At January 1, 2010 ……………..	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**
Change in consolidation scope …..	-	-	(3.4)	-	**(3.4)**
Increase …………………………….	22.4	2.4	6.8	11.1	**42.7**
Use …………………………………	(27.7)	(5.1)	(33.9)	(19.0)	**(85.7)**
Release …………………………….	(2.2)	(5.7)	(1.0)	(2.7)	**(11.6)**
Translation differencies ……………	1.7	0.7	1.5	2.0	**5.9**
Other changes …………………….	(2.7)	0.4	(1.8)	(0.4)	**(4.5)**
At December 31, 2010 …………	**29.2**	**22.4**	**19.9**	**53.1**	**124.6**
Change in consolidation scope …..	(0.3)	-	1.4	(3.1)	**(2.0)**
Increase …………………………….	15.5	1.6	15.7	15.3	**48.1**
Use …………………………………	(20.3)	(2.8)	(1.7)	(16.4)	**(41.2)**
Release …………………………….	(0.3)	(1.5)	(3.7)	(0.7)	**(6.2)**
Translation differencies ……………	(0.2)	-	(0.1)	1.9	**1.6**
Other changes …………………….	(5.2)	-	(3.2)	8.8	**0.4**
At December 31, 2011 …………	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**

Provisions mainly comprise:

- Provisions for redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2011, mainly concerned, Europe for €15.3 million (€11.2 million in 2010), North America for €2.4 million (€8.3 million in 2010) and Asia-Pacific for €0.4 million (€0.7 million in 2010).
- Tax litigation concerned mainly France for €16.8 million (€15.2 million in 2010) and Canada for €2.5 million (€4.0 million in 2010);
- Other litigations and warranty claims amounted to €28.3 million, of which €8.8 million relating to litigation with French social security authorities, €4.3 million relating to warranty claims for products sold (€7.6 million in 2010), €6.6 million for employee claims (€2.6 million in 2010) and €2.2 million for commercial litigations (€2.7 million in 2010). In 2010, change in provisions mainly related to settlement of the Ceteco proceedings for €29.8 million, following the settlement agreement concluded on February 8, 2010;
- Provisions for lease commitments related to vacant properties concerned mainly the United Kingdom for €41.5 million (€41.2 million in 2010), the United States for €10.7 million (€5.0 million in 2010) and France for €2.7 million (€2.9 million in 2010). This provision in the United Kingdom included a €27.6 million reserve for onerous contract in relation to closure of a distribution centre operated by Hagemeyer and various lease contracts for vacant properties amounting to €13.9 million.

18. | EMPLOYEE BENEFITS

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees. The most significant funded retirement plans are in Canada, the United Kingdom, the United States, The Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	Defined benefit obligations	
(in millions of euros)	**2011**	**2010**
At the beginning of the period	**1,133.2**	**1,040.3**
Service cost	14.2	16.2
Interest cost	55.2	54.7
Benefit payments	(53.2)	(51.1)
Employee contributions	4.0	3.5
Actuarial (gain) loss	19.8	14.2
Change in consolidation scope	15.6	(1.8)
Translation differencies	18.5	59.6
Curtailment /settlement and other	(1.3)	(2.4)
At the end of the period	**1,206.0**	**1,133.2**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	Plan assets	
(in millions of euros)	**2011**	**2010**
At the beginning of the period	**920.7**	**845.7**
Employer contributions	34.3	28.9
Employee contributions	4.0	3.5
Return on plan assets	29.0	47.3
Benefit payments	(53.2)	(51.1)
Change in consolidation scope	12.0	-
Translation differencies	13.8	46.4
At the end of the period	**960.6**	**920.7**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	**2011**	**2010**	**2009**	**2008**	**2007**
Defined benefit obligations	**1,206.0**	**1,133.2**	**1,040.3**	**924.1**	**461.6**
of which Funded schemes	*1,096.2*	*1,030.5*	*951.1*	*842.1*	*370.6*
of which Unfunded schemes	*109.8*	*102.7*	*89.2*	*82.0*	*91.0*
Fair value of plan assets	(960.6)	(920.7)	(845.7)	(728.7)	(353.1)
Funded status	**245.4**	**212.5**	**194.6**	**195.4**	**108.5**
Unrecognized actuarial gains and losses	(123.5)	(80.9)	(62.2)	(61.9)	14.4
Effect of the asset ceiling	-	-	-	-	2.7
Recognized net liability for defined benefit obligations	**121.9**	**131.6**	**132.4**	**133.5**	**125.6**
of which "Employee benefits"	*166.2*	*174.6*	*173.8*	*175.4*	*125.6*
of which "Other financial assets" [(1)]	*(44.3)*	*(42.8)*	*(41.4)*	*(41.9)*	-

(1) Of the €44.3 million surplus of the defined benefit plan assets over liabilities, €43.4 million relates to the Hagemeyer post-employment scheme in The Netherlands which is subject to minimum funding rules. Pursuant to the plan, the company is entitled to contribution holidays when the funding ratio is beyond 175%, and a refund of 80% of the surplus when the ratio is above 225% or upon termination of the plan for the amount of the surplus. As a result, no asset ceiling was recognized at December 31, 2011 or at December 31, 2010.

The expense recognized in the consolidated income statement breaks down as follows:

(in millions of euros)	**2011**	**2010**
Service costs [(1)]	14.2	16.2
Interest costs [(2)]	55.2	54.7
Expected return on plan assets [(2)]	(50.2)	(46.7)
Curtailment and settlement [(3)]	-	(3.6)
Amortization of actuarial gains / losses [(1)]	3.2	1.7
Other [(1)]	(1.6)	1.0
Expense recognized	**20.8**	**23.3**

(1) Recognized as personnel costs (see note 6)

(2) Recognized as net financial expenses (see note 8)

(3) Recognized as other income and expenses (see note 7)

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

	Euro Zone		United Kingdom		Canada		United States		Switzerland	
(in %)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate [(1)]	5.21	5.22	5.00	5.50	4.48	5.34	5.00	5.25	2.75	2.75
Expected return on plan assets [(2)]	5.15	5.15	6.60	6.60	6.35	6.75	7.75	7.75	3.60	3.60
Future salary increases	3.00	2.50	3.50	3.50	3.00	3.00	n/a	n/a	2.00	2.00
Future pension increases	2.00	2.00	2.65	2.55	2.00	2.00	n/a	n/a	1.00	1.00

(1) Discount rates have been set by reference to market yields on high quality corporate bonds with a similar duration to the underlying obligation. Discount rates were determined based on a database developed by Rexel's actuary which includes several hundreds of AA corporate bonds with durations from one year to approximately 30 years. For each plan, expected benefit payments are discounted using the rate that matches the plan duration. Then the database computes a single rate that, when applied to cash-flows of all plans, retrieves the same present value of the aggregated cash-flows of each individual plan.

(2) As a general rule, the expected long term return on assets has been calculated according to the weighted average of expected return on bonds and equities. The expected return on bonds has been assumed equal to the applicable discount rate as set out above. Expected return on equities was determined on the basis of the discount rate plus a 3% risk premium.

Sensitivity analysis

As of December 31, 2011, a 25 basis points decrease in discount rates would result approximately in a €39 million increase in the present value of the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result approximately in a €2.3 million increase in the expense.

As of December 31, 2011, a 1% inflation rate increase in medical costs would translate approximately to a €5.8 million increase in the present value of the health care plan obligation.

As of December 31, 2011, the weighted average allocation of Group funds invested for retirement plans by type of investment is as follows: 39% in stocks, 45% in bonds and 16% in other investment categories.

19. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2011. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

19.1 | Net financial debt

(in millions of euros)	As of December 31, 2011			As of December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes…………………………………………	-	1 181.4	1 181.4	-	669.5	669.5
Credit Facilities ……………………….…………….	-	30.6	30.6	-	761.5	761.5
Securitization ……………….……..…………………	105.9	973.5	1 079.4	-	1 067.6	1 067.6
Bank loans …………………………..………………..	39.7	8.1	47.8	6.6	1.9	8.5
Commercial paper …………………………………….	104.8	-	104.8	56.9	-	56.9
Bank overdrafts and other credit facilities ………..	86.0	-	86.0	66.6	-	66.6
Finance lease obligations ……………………………	6.8	22.9	29.7	5.7	7.2	12.9
Accrued interests (1) …………………….………….….	10.0	-	10.0	5.2	-	5.2
Less transaction costs ……………………………	(19.8)	(33.9)	(53.7)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest……	***333.5***	***2 182.6***	***2 516.0***	***122.0***	***2 463.5***	***2 585.5***
Cash and cash equivalents ………………………			(413.7)			(311.9)
Derivatives fair value………………………………			(24.1)			(0.3)
Net financial debt			**2 078.2**			**2 273.3**

(1) Of which accrued interests on Senior Notes for €3.5 million as of December 31, 2011 (€2.5 million as of December 31, 2010).

19.1.1 | Senior Notes

- *Notes due 2016*

On December 21, 2009, Rexel had issued senior unsecured notes for a nominal sum of €575 million (the "Notes"). The funds raised were used to refinance part of the debt obligation relating to the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually on June 15 and December 15, starting from June 15, 2010. The notes will mature on December 15, 2016. On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the original Notes issued on December 21, 2009 for a total amount of €575 million. The additional notes fully assimilated to the original notes issued on December 21, 2009 pay interest at a rate of 8.25% and are redeemable on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.
These Notes are guaranteed by certain of Rexel's subsidiaries. The Notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt. The Notes are redeemable in whole or in part at any time prior to December 15, 2013 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2013, the Notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on:	Redemption price (as a % of principal amount)
December 15, 2013 …………………….	104.125%
December 15, 2014 …………………….	102.063%
December 15, 2015 and after …………	100.000%

In addition, at any time on or prior to December 15, 2012, the Notes are redeemable up to 35% of the outstanding principal amount with the net proceeds from an equity offering of new Rexel shares.

- *Notes due 2018*

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The Notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The Notes will mature on December 17, 2018. These Notes are guaranteed by certain of Rexel's subsidiaries. The Notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

The Notes are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 17, 2015, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

Redemption period beginning on:	**Redemption price (as a % of principal amount)**
June 17, 2015 ……………………….	103.500%
June 17, 2016 ……………………….	101.750%
June 17, 2017 and after …………….	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2011, the fair value of Senior Notes is hedged for an amount of €450 million. Their value has been adjusted to reflect interest rate fluctuations on the hedged part.

19.1.2 | Senior Credit Agreement

On December 21, 2009, Rexel entered into a €1,700 million credit facilities agreement which provides for two facilities:

- Facility A, a three-year multi-currency revolving credit facility, for an initial maximum amount of €600 million,
- Facility B, a five-year multi-currency revolving credit facility, for an initial maximum amount of €1,100 million.

During the financial year ended December 31, 2010, the maximum commitment corresponding to Facilities A and B under the 2009 Senior Credit Agreement was reduced by €40 million in July 2010 (decreasing from €600.0 million to €586.0 million for Facility A and from €1,100.0 to €1,074.0 million for Facility B) following execution of a bilateral €40.0 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2009 Senior Credit Agreement.

The maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2010 and a further €200.0 million in December 2011 (decreasing from €586.0 million to €195.4 million for Facility A and from €40.0 million to €30.6 million for the bilateral Term Loan Agreement), in accordance with contractual provisions.

As of December 31, 2011, facilities under the Senior Credit Agreement were fully reimbursed and remained available for Rexel. The bilateral facility was drawn down in full for €30.6 million as follows:

Credit Facility	Commitment (in millions of euros)	Balance due as of December 31, 2011 (in millions of euros)
Facility A	195.4	-
Facility B	1,074.0	-
2009 Senior Credit Facilities subtotal	**1,269.4**	**-**
Bilateral facility	30.6	30.6
TOTAL	**1,300.0**	**30.6**

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

At December 31, 2011 the applicable margin stood at 2.00% for Facility A and 2.25% for Facility B.

The margin applicable varies 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:

Leverage Ratio	Facility A Margin	Facility B Margin
Greater than or equal to 5.00:1 …………………………….	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1 ……..	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1………	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1 ……..	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1 …….	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1 ……..	1.75%	2.00%
Less than 2.50:1 ……………………………………………….	1.50%	1.75%

In addition, the applicable margin shall be increased by a utilization fee equal to:

- 0.25% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the applicable margin on that lender's available commitment under each facility.

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to adjusted consolidated net debt relative to 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 consolidated 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 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 granting of share subscription options;
- excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions,
- adjusted to exclude 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 intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;
- 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), excluding interest accrued on intra-group loans;
- minus cash and cash equivalents.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels on the dates indicated:

Date	Indebtedness Ratio
December 31, 2011 ………………….	4.00:1
June 30, 2012 ………………………….	3.75:1
December 31, 2012 ………………….	3.50:1
June 30, 2013 …………………………	3.50:1
December 31, 2013 …………………..	3.50:1
June 30, 2014 ………………………….	3.50:1

As of December 31, 2011, this ratio was 2.40, in compliance with the provisions of the Senior Credit Agreement.

Other undertakings

The Senior Credit Agreement contains covenants relating to limits on capital expenditure and restrictions on dividend payments when the Leverage Ratio *pro forma* exceeds 4.00:1.

Other covenants

The Senior Credit Agreement contains certain covenants that restrict the capacity of Group companies, parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

Prepayment

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of borrowers and guarantors.

19.1.3 | Securitization programs

The Rexel Group runs several securitization programs presented in the table below, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of the off-balance sheet US program such as disclosed in note 11.2, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the trade 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 December 31, 2011, Rexel had satisfied all of these covenants.

On December 19th, 2011 Rexel entered into a new securitization program in France, the United Kingdom and Australia to replace the previous one originally matured in February 2012. This program is for a maximum amount of €425 million over a five-year period.

The features of Rexel's securitization programs including the off-balance sheet programs are summarized in the table below:

Program	Commitment	Amount of receivables assigned as of December 31, 2011	Amount drawn down as of December 31, 2011	Balance as of December 31, 2011	Balance as of December 31, 2010	Repayment
	(in millions of currency)			*(in millions of euros)*		
2011 - Europe and Australia (1)	EUR 425.0	EUR 610.1	EUR 428.6	428.6	444.8	16/12/2016
United States	USD 470.0	USD 579.3	USD 373.9	289.0	278.0	23/12/2014
Canada	CAD 140.0	CAD 270.3	CAD 140.0	105.9	105.1	13/12/2012
2008 - Europe	EUR 450.0	EUR 509.5	EUR 358.7	358.7	337.3	17/12/2013
TOTAL				**1 182.2**	**1 165.3**	
***Of which*:**	***- on balance sheet:***			***1 079.4***	***1 067.6***	
	- off balance sheet (Ester program) :			***102.8***	***97.7***	

(1) Securitization program subscribed in 2011, replacing the previous program initiated in 2005

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2011, the total outstanding amount authorized for these securitization programs was €1,344.2 million, of which €1,182.2 million was utilized.

19.1.4 | Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with fixed maturities ranging from one to three months depending on the notes issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2011, the company had issued €104.8 million of commercial paper (€56.9 million as of December 31, 2010).

19.2 | Change in net financial debt

As of December 31, 2011 and 2010, the change in net financial debt was as follows:

(in millions of euros)	For the year ended December 31, 2011		2010	
At January 1 ………	**2,273.3**		**2,401.2**	
Issuance of Senior Notes ………	500.0	(1)	**76.7**	(2)
Bonds buy back ………	(11.3)		**-**	
Net change in Term Loan facilities………	(695.9)		**(407.8)**	
Transaction costs………	(10.4)		(5.0)	
Net change in other credit facilities and bank overdrafts………	94.4		32.5	
Net change in credit facilities………	**(123.1)**		**(303.6)**	
Net change in securitization………	(5.0)		(34.3)	
Net change in finance lease liabilities………	16.5		(5.2)	
Net change in financial liabilities………	***(111.6)***		***(343.1)***	
Change in cash and cash equivalents ………	(145.9)		14.6	
Translation differences………	22.3		154.3	
Change in consolidation scope………	14.3		10.1	
Amortization of transaction costs………	20.0		17.4	
Other changes………	5.8		18.8	
At December 31 ………	**2,078.2**		**2,273.3**	

(1) On May 27, 2011, Rexel issued €500 million senior unsecured Notes bearing interest at the rate of 7% that mature on December 17, 2018 (see note19.1.1)

(2) On January 20, 2010, Rexel issued €75 million notes in addition to the notes of €575 million issued on December 21, 2009, which bear interest at the rate of 8.25% and mature on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

20. | MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 | Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80% of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

(in millions of euros)	As of December 31, 2011	As of December 31, 2010
Senior Notes and other fixed rate debt ………	1,168.2	670.6
Floating to fixed rate swaps………	1,330.0	1,286.4
Fixed to floating rate swaps………	(475.0)	(475.0)
Active Interest rate options - Collars (1)………	-	721.3
Sub total fixed or capped rate debt after hedging	***2,023.3***	***2,203.3***
Floating rate debt before hedging………	1,323.6	1,914.4
Floating to fixed rate swaps………	(1,330.0)	(1,286.4)
Fixed to floating rate swaps………	475.0	475.0
Active Interest rate options - Collars (1)………	-	(721.3)
Cash and cash equivalents………	(413.7)	(311.9)
Sub total current floating rate debt after hedging	**54.9**	**70.0**
Total net financial debt	**2,078.2**	**2,273.3**

(1) Interest rate options for which one of the exercise prices (cap or floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million into variable rate debt. Out of these derivatives, €450.0 million have been classified as fair value hedges.

As of December 31, 2011, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	Total notional amount *(in millions of euros)*	Maturity	Weighted average fixed rate paid (received)	Floating rate paid (received)	Fair value [(1)] *(in millions of euros)*
Swaps paying variable rate					
Euro ……………………	450.0	December 2016	(2.73%)	3M Euribor	26.2
Swaps paying fixed rate					
Euro ……………………	150.0	March 2012	2.19%	(3M Euribor)	(0.3)
Euro ……………………	100.0	March 2013	2.29%	(3M Euribor)	(1.6)
Total					**24.3**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 million

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

The change in fair value of these fair value hedging swaps for the period ending December 31, 2011 represented a gain of €24.6 million, offset by a loss of €25.0 million resulting from the change in the fair value of the Senior Notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature between March 2012 and March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2011, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount *(in millions of currency)*	Total notional amount *(in millions of euros)*	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value [(1)] *(in millions of euros)*
Swaps paying fixed rate						
Euro……………………	100.0	100.0	March 2012	Euribor 3M	1.42%	(1.1)
	200.0	200.0	March 2014	1M Euribor	2.12%	(9.0)
Canadian dollar………	100.0	75.6	September 2013	3M Libor	1.57%	(0.5)
	40.0	30.3	March 2013	3M Libor	2.72%	(0.6)
American dollar………	140.0	108.2	March 2013	3M Libor	2.82%	(2.9)
British pound …………	25.0	29.9	March 2012	3M Libor	1.97%	(0.1)
Total		**544.0**				**(14.2)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €4.5 million

The change in fair value of the cash flow hedging instruments for the period ending December 31, 2011 was recorded as a €8.2 million increase in cash-flow hedge reserve (before tax).

Derivatives designated as cash-flow hedge of the Senior Notes

On May 9th and 11th 2011, Rexel entered into the following derivative instruments to fix, within certain limits, the interest rate of the €500 million notes issuance when the issuance of such notes became highly probable:

- a collar of swaptions for a nominal amount of €250 million, covering a 7-year period and composed of a cap at 3.25% and a floor at 3.10%
- a swap for a nominal amount of €250 million, with a 7-year maturity at a rate of 3.21%

These derivatives were qualified as cash-flow hedge until the bond issuance occurred on May 27, 2011. Since then, these instruments have been considered as trading and therefore are not eligible for hedge accounting until their discontinuation.

The change in fair value of these derivatives from the subscription until the bond issuance incurred a loss of €3.2 million. The ineffective portion of the hedging instruments was recorded as a financial expense of €0.9 million and the effective portion was recognized as other comprehensive income for €2.3 million. This amount will be reclassified to profit and loss until the maturity of the Senior Notes.

Derivatives not eligible for hedge accounting

	Total notional amount *(in millions of currency)*	**Total notional amount** *(in millions of euros)*	**Maturity**	**Floating rate received (paid)**	**Weighted average fixed rate paid (received)**	**Fair value (1)** *(in millions of euros)*
Swaps paying fixed rate						
Canadian dollar……….	30.0	22.7	March 2013	3M Libor	2.72%	(0.4)
Swiss franc…………….	40.0	32.9	March 2013	3M Libor	0.94%	(0.4)
	90.0	74.0	March 2014	3M Libor	0.81%	(1.3)
Swedish krona ……….	500.0	56.1	September 2012	3M Stibor	2.59%	(0.1)
American dollar……….	100.0	77.3	September 2012	3M Libor	3.18%	(1.5)
	140.0	108.2	March 2013	3M Libor	2.82%	(2.9)
	100.0	77.3	September 2014	3M Libor	1.56%	(1.7)
Euro…………………….	25.0	25.0	December 2016	3M Euribor	1.85%	(0.4)
	62.5	62.5	May 2018	6M Euribor	3.21%	(5.7)
Total		**536.0**				**(14.6)**
Swaps paying variable rate						
Euro…………………….	25.0	25.0	December 2016	(3M Euribor)	(2,89%)	1.7

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.3 million

Derivatives that are not eligible for hedge accounting mainly relate to dequalifying instruments following the partial repayment of the senior credit facilities as a result of the issuance of the €500 million Senior Notes. The discontinuation of the hedging relationship resulted in the reclassification of the cumulative loss recognized in cash flow hedge reserve to profit and loss account for €13.1 million, of which €12.1 million relates to swaps denominated in US dollar, €0.4 million in Canadian dollar, and €0.7 million in Swiss Franc (see note 8).

Sensitivity to interest rate variation

As of December 31, 2011, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €8.6 million and a €6.8 million increase in equity before tax effect.

20.2 | Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

Currency options

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average exchange rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the exchange rate translation risk. These instruments are qualified as held for trading under IAS 39.

As of December 31, 2011, the notional value of foreign exchange derivatives was €931.8 million (€1,219.0 million of forward sales and €287.2 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €6.4 million. The change in fair value of forward contracts for the period ending December 31, 2011 was recorded as financial expense of €5.9 million, as operating income of €0.7 million and as positive variation of cash-flow hedge reserve of €1.1 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €276.4 million and a decrease (increase) in operating income before other income and other expenses of €13.1 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €74.0 million and €96.6 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	British pound	Swiss franc	Other currency	Total
Financial liabilities	1,832.6	204.7	109.2	109.8	1.1	0.9	173.7	0.5	59.4	2,491.9
Cash and cash equivalents.............	(295.8)	(50.6)	(0.0)	(0.5)	(9.4)	(2.5)	(11.9)	(0.5)	(42.6)	(413.7)
Net financial position before hedging....................................	**1,536.8**	**154.1**	**109.2**	**109.3**	**(8.3)**	**(1.6)**	**161.8**	**-**	**16.8**	**2,078.2**
Impact of hedges..........................	(939.0)	531.6	76.8	2.6	(33.1)	207.0	(157.8)	252.4	59.5	-
Net financial position after hedging.....................................	**597.8**	**685.7**	**186.0**	**111.9**	**(41.4)**	**205.4**	**4.0**	**252.4**	**76.3**	**2,078.2**
Impact of a 5% increase in exchange rates...	-	*34.3*	*9.3*	*5.6*	*(2.1)*	*10.3*	*0.2*	*12.6*	*3.8*	*74.0*

20.3 | Liquidity Risk

The €650 million Senior Notes, issued in December 2009 and January 2010, mature in December 2016, while the €500 million Senior Notes issued in May 2011 mature in December 2018. Credit facilities A and B under the Senior Credit Agreement and the bilateral credit agreement expire in December 2012 and December 2014 in the amounts of €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013, 2014 and 2016. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros) ***Due within***	**As of December 31, 2011**	**As of December 31, 2010**
One year	353.3	140.9
Two years..	363.4	553.5
Three years..	225.1	334.6
Four years...	7.3	941.1
Five years..	1 114.2	1.8
Thereafter..	506.4	676.8
Total financial debt.....................................	**2 569.7**	**2 648.7**
Transaction costs..	(53.7)	(63.2)
Financial debt..	**2 516.0**	**2 585.5**

As of December 31, 2011, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros) ***Due within***	**Financial debt & interests**	**Derivatives**	**Total**
One year	483.7	(6.6)	477.1
Two years.............................	490.3	1.0	491.3
Three years...........................	334.7	4.0	338.7
Four years............................	107.8	3.0	110.8
Five years............................	1 209.8	1.5	1 211.3
Thereafter............................	576.4	(0.3)	576.1
Total financial debt.............	**3 202.6**	**2.7**	**3 205.3**

In addition, the trade accounts payable amounted to €1,903.3 million as of December 31, 2011 (€1,866.2 million as of December 31, 2010) and are due in less than one year.

20.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The maximum risk corresponding to the total accounts receivable after impairment amounted to €2,122.9 million and is detailed in note 11.2 Trade receivables.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €443.2 million as of December 31, 2011 (€321.1 million as of December 31, 2010), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €453.1 million (€404.7 million as of December 31, 2010) and mainly corresponds to supplier discounts receivable.

21. | SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)		Category IAS 39	Hierarchy	As of December 31, 2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Bonds		AC	1	1 181.4	1 149.3	669.5	718.3
Other financial debts, including accrued interest		AC		1 334.6	1 334.6	1 916.0	1 916.0
Total financial liabilities				**2 516.0**		**2 585.5**	
Hedging derivatives	(1)	N/A	2	11.2	11.2	23.0	23.0
Other derivatives		TR	2	11.6	11.6	-	-
Other liabilities	(2)	N/A		9.4	N/A	8.7	N/A
Total other non-current liabilities				**32.3**		**31.7**	
Trade accounts payable		AC		1 903.3	1 903.3	1 866.2	1 866.2
Vendor rebates receivable		AC		115.2	115.2	101.7	101.7
Personnel and social obligations	(2)	N/A		261.4	N/A	248.1	N/A
VAT receivable and other sales taxes	(2)	N/A		73.9	N/A	67.2	N/A
Hedging derivatives	(1)	N/A	2	0.3	0.3	11.3	11.3
Other derivatives		TR	2	9.6	9.6	4.0	4.0
Other liabilities		AC		187.4	187.4	147.6	147.6
Deferred income	(2)	N/A		5.1	N/A	4.2	N/A
Total other debts				**652.9**		**584.1**	

(1) Specific accounting measurements for hedging
(2) Not classified as a financial instrument under IAS 39

Financial liabilities - stated at amortized cost	AC
Held for trading	TR
Fair value through profit or loss	FV
Not applicable	N/A

22. | OPERATING LEASES

The following table details the Group's obligations in relation to operating lease contracts:

(in millions of euros)	Payments outstanding as of December 31, 2011	2010
Due within		
One year	189.6	185.2
Two years	142.5	142.3
Three years	104.0	103.5
Four years	71.6	74.4
Thereafter	123.7	146.4
Total	**631.4**	**651.8**

The above table presents the minimum lease payments under non-cancelable leases of buildings and installations.

The total expense under operating lease contracts was €210.1 million for the year ended December 31, 2011 (€218.7 million as of December 31, 2010).

23. | RELATED PARTY TRANSACTIONS

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

(in millions of euros)	For the year ended December 31, 2011	2010
Salaries and other short-term benefits	12.4	11.1
Post-employment benefits (service costs)	0.9	2.4
Indemnities at termination of contract	-	0.6
Free shares and stocks options [(1)]......................................	3.8	2.2

[(1)] Share-based payment expense is detailed in Note 15.1 – Free shares schemes

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

In the event of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €13.4 million.

24. | LITIGATION

24.1 | Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Litigation relating to Elettroveneta

During 2007, Rexel Italia, an indirect subsidiary of Rexel, considered the acquisition of Elettroveneta, an Italian corporation operating mainly in the region of Veneto. In 2007, further to a disagreement on the price, the signature of the agreement was cancelled. On July 31, 2008, the shareholders of Elettroveneta filed a claim with the court of Monza against Rexel Italia, Rexel SA and its manager based on the allegation that an agreement on the price had been reached and that an agreement therefore existed between the parties despite the lack of signature.

Elettroveneta's shareholders have filed a claim with the Court of Monza to be indemnified for the losses suffered, for a minimum amount of €24.8 million excluding interest. The Court of Monza recognized that it was not competent to rule on the matter and dismissed itself. The proceedings were reinstated soon thereafter by Elettroveneta before the Court of Milano. On November 15, 2011, the Court of Milano ruled in favor of Rexel.

On January 31, 2012, the parties entered into a transaction to settle any claim in connection with the possible acquisition of Elettroveneta by Rexel Italia and to the case filed before the Court of Milano. As part of this settlement Rexel Italia paid €160,000 to Elettroveneta's shareholders.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim against the Group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. Based on the current situation, the Group is therefore unable to predict the financial consequences that may result from these proceedings.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

24.2 | Tax litigation

The principal tax proceedings involving Group companies as of December 31, 2011 are described below:

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 was subject to a tax reassessment 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 this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to €52.1 million. All reassessments have been challenged by Manudax Belgium.

The statute of limitations has expired for claims against Manudax's shareholder. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group's shareholding in Manudax has been entirely written down, Rexel considers that the outcome of this litigation should not impact its financial condition.

Rexel Développement

In 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Partners Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to have been rendered in the business interests of the company and are classified as constructive dividends. The taxes reassessed amounted to €22 million including interest for late payment, and a notice was issued to this effect in February 2010. As Rexel Développement's claim against the reassessment was dismissed, it filed an application with the Administrative Court in December 2010. A provision has been set aside for the full amount of the corresponding tax expense by writing down deferred tax assets for the corresponding part of tax losses carried forward, as well as a provision for risks.

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting an income tax reassessment of €18 million, which is covered in full by a provision. The case was referred to the Administrative Court in March 2011.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also allege that Ray Finance LP enjoyed a privileged tax regime and accordingly, reject the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

24.3 | Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called as of the balance sheet date, except where stated otherwise.

Warranties given in connection with the sale of Hagemeyer Brands Australia Pty Limited

Effective on July 28, 2011, the Group sold to Shriro Australia Pty Ltd its subsidiary, Hagemeyer Brands Australia Pty Ltd, a company involved in the distribution of kitchen appliances in Australia for an amount of AUD54 million. The Group provided to the purchaser certain warranties limited to a maximum amount of AUD21.6 million for business liabilities and AUD43.2 million for tax liabilities. Warranty of business liabilities expires over a 18-month period and warranty for tax claim over a 5-year period after completion of the sale transaction.

Warranties given in connection with the sale of Kompro B.V.

Effective on September 30, 2011 the Group sold to the management its multi-function printer businesses operated by Kompro B.V., in The Netherlands, for a total consideration of €5.3 million of which €0.6 million converted in a vendor subordinated loan due 2016. The Group granted to the purchaser warranty for liabilities limited to €4.7 million and expiring over 12 months after completion of the transaction.

Tax warranties

In connection with previous divestment transactions, the Group is committed to indemnify the purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.
As of December 31,2011, only Techpac Holdings Ltd has notified to Hagemeyer N.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as “Vendors” and Techpac Holdings Ltd as “Purchaser” (“the SSA”). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer N.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million before taxes for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

Warranties given in connection with the sale of the non-core business of Westburne in Canada

Effective June 30, 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550 million. As part of the purchase and sale agreement, the Company retained certain liabilities of the businesses which related to events occurring prior to their sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Company agreed to indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to liabilities retained by the Company. According to the purchase and sale agreement, the Company will be released from its obligations under these warranties over a 15-year period with the final obligations being released in 2016.

25. | EVENTS AFTER THE REPORTING PERIOD

On February 1, 2012, the Group acquired 100% of the issued and outstanding shares of Liteco Inc., the largest independent distributor of electrical supplies in Atlantic Canada which posted sales of circa €50 million in 2011.

26. | CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2011

	Head office	*% Interest*
FRANCE		
Holding companies and Group services companies		
Rexel S.A.	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00
Rexel Financement S.N.C.	Paris	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00
SCI Adour Bastillac	Paris	70.00
SCI CM Immobilier	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Bastia	100.00
Bizline S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa S.A.S	Rosny sous Bois	100.00
R-Scan	Pacé	100.00
Distodiag	Pacé	100.00
Enerlogy	Pacé	100.00
SBEM	Pacé	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Simple System GmbH & Co KG	Munich	20.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deuthschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
CDME UK Ltd	Potters Bar	100.00
Rexel Senate Ltd	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00
Martines Ltd	Potters Bar	100.00
Power Industries Ltd	Erdington	100.00
Clearlight Electrical Ltd	Erdington	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00
Senate Group Ltd	Potters Bar	100.00
John Godden Ltd	Potters Bar	100.00
Sunbridge TradingCo. Ltd	Potters Bar	100.00
Sunbridge Electrical Wholesalers Ltd	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Dagenham	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00

	Head office	% Interest
Neilco Ltd.	Birmingham	100.00
Warrior (1979) Ltd.	Birmingham	100.00
Newey & Eyre International Ltd.	Birmingham	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00
A&A Security Technologies Limited	Birmingham	100.00
Defiance Contractor Tools Limited	Birmingham	100.00
J&N Wade Limited	Dagenham	100.00
Blackstone Holdings Limited	Dagenham	100.00
OLC Limited	Dagenham	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00
OLC (Holdings) Ltd.	Dagenham	100.00
Sweden		
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00
Storel AB	Lila edet	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00
Rexel NCE Supply Solutions B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel NCE B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Agrate Brianza	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Belgium		
Rexel Belgium S.A.	Brussells	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Dublin	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00
Portlaoise Electrical Wholesale Ltd	County Laois	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00
Switzerland		
Rexel Holding Switzerland S.A. (1)	Sion	100.00
Elektro Material AG	Zurich	100.00

(1) Formerly *Finelec Développement SA*

	Head office	% Interest
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
REXEL RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Prostejov	100.00
Slovakia		
Hagard Hal AS	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services LLC	Budapest	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Elektroskandia Suomi Oy	Hyvinkää	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00

SOUTH AMERICA

Peru		
REXEL PERU S.A.C.	Lima	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Rexel Electra SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Elektroskandia Indústria E Commércio Lta.	Sao Paulo	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
MRO IMPORTACOES LTDA.	Curitiba	100.00

NORTH AMERICA

United States		
Rexel International Projects Group, Inc.	Dallas	100.00
Rexel Holdings USA Corp. (1)	Wilmington	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Summers Group Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Branch Group Inc.	Dallas	100.00
Southern Electric Supply Company Inc.	Dallas	100.00
Consolidated Electrical Supply Limited	Freeport	99.80
General Supply & Services Inc.	Shelton	100.00
Gesco General Supply & Services Puerto Rico LLC	Puerto Rico	100.00
General Supply & Services Malaysia LLC	Shelton	100.00
General Supply & Services Macau LLC	Shelton	100.00
General Supply & Services Indonesia LLC	Shelton	100.00

(1) Formerly *International Electrical Supply Corp.*

	Head office	% Interest
General Supply & Services SA Holding LLC	Shelton	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00
Mexico		
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00
Bermuda		
HCL Limited	Hamilton	100.00
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd	Hong Kong	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00
Waelchli & Co. Ltd	Hong Kong	100.00
LuckyWell Int'l Investment LTD	Hong Kong	100.00
China		
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	70.00
GE Supply (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co Ltd	Shanghai	100.00
Suzhou Xidian Co Ltd	Suzhou	63.50
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	63.50
Beijing LuckyWell-ZN Electrical Co., Ltd	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd	Beijing	65.00
India		
Yantra Automotion Private Limited	Pune	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
QI-YI General Supply & Services Macau Ltd	Macau	100.00
Korea		
Gexpro korea Co. Ltd	Seoul	100.00
Indonesia		
P.T. Sutra Hacelindo	Jakarta	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Japan		
Rexel Japan KK	Tokyo	100.00
Singapore		
Gexpro Supply Asia Pte Ltd	Singapore	100.00
Rexel South East Asia Pte. Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co Ltd	Bangkok	49.00
Australia		
Rexel Pacific Pty (1)	Sydney	100.00
Rexel Group Australia Pty (2)	Sydney	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00
EIW Holding Pty Ltd	Perth	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00
New Zealand		
Hagemeyer (NZ) Ltd	Auckland	100.00
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00

(1) renamed *Rexel Holdings Australia Pty. Ltd* on January 1st, 2012

(2) renamed *Rexel Electrical Supplies Pty. Ltd* on January 1st, 2012

III. Statutory auditors’ report

This is a free translation into English of the statutory auditors’ report on the consolidated financial statements issued in French and it 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 audit 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 to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Rexel S.A.

Registered office: 189-193 boulevard Malesherbes - 75017 Paris

Share capital: €.1,344,098,795

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and your annual general meeting, we hereby report to you, for the year ended December 31, 2011 on:

- the audit of the accompanying consolidated financial statements of Rexel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your management board (*directoire*). Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

As disclosed in note 2.2 to the consolidated financial statements, the group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.10.4 and 20), goodwill and intangible assets (notes 2.5, 2.8 and 10.1), employees' benefits (notes 2.14 and 18), share-based payments (notes 2.15 and 15), provisions and contingent liabilities (notes 2.16, 17 and 24) and deferred taxation (notes 2.20 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, February 9, 2012

The statutory auditors

French original signed by

KPMG Audit	Ernst & Young Audit
A division of KPMG S.A.	
Hervé Chopin *Partner*	Pierre Bourgeois *Partner*