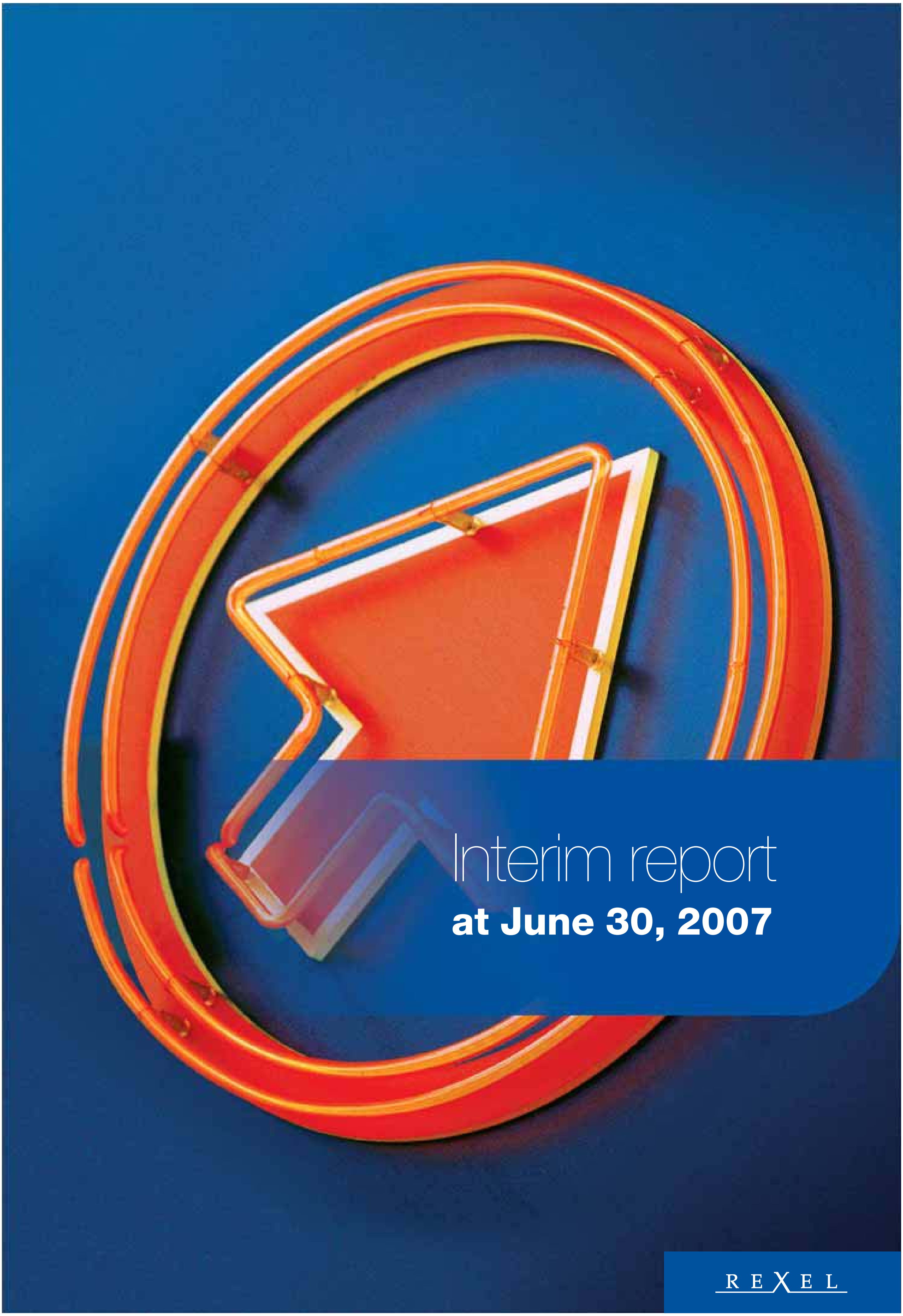

Interim report
at June 30, 2007

REXEL

REXEL

Limited Liability Company (société anonyme)
with Management Board and Supervisory Board
and share capital of 1,279,969,135 euros
Registered office: 189-193, boulevard Malesherbes
75017 Paris
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Interim report as of June 30, 2007

I. Interim activity report

This document is a free translation into English of the interim activity report for the half-year ended on June 30, 2007 of Rexel 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 original interim activity report for the half-year ended on June 30, 2007, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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

1.1 | Financial Situation of the Group

1.1.1 | Group Overview

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

In the first half-year of 2007, the Group recorded consolidated sales of €5,304.8 million, of which €2,493.8 million were generated in Europe (47% of sales), €2,409.0 million in North America (45% of sales), €372.2 million in the Asia-Pacific zone (7% of sales), and €29.8 million related to Other Operations (1% of sales).

The Europe zone consists principally of France (which accounts for approximately 50% of the Group's consolidated sales in this zone), Germany, the United Kingdom, Austria, Switzerland, The Netherlands, Sweden, Italy, Belgium, Spain, Ireland and Portugal, as well as several Central European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland and Russia).

The North America zone consists of the United States and Canada. The United States represents approximately 80% of the Group's consolidated sales in this zone and Canada the remaining 20%.

The Asia-Pacific zone consists of Australia, New Zealand, and China, as well as certain countries in Southeast Asia. Australia accounts for approximately 65% of the Group's consolidated sales in this zone and New Zealand close to 20%.

The Other Operations segment includes Chile, which represented approximately 0.5% of the Group's sales and certain businesses managed at Group level (Bizline, Citadel and Conectis). Unallocated corporate overhead (mainly occupancy and personnel costs of the Paris headquarters) are also included in this segment, as well as elimination of inter-segments operations.

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

1.1.2 | Seasonality

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

1.1.3 | Effects of the evolution of copper price

The Group is exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables accounted for approximately 20% of the Group's sales, and copper accounts for approximately 60% of the composition of cables. Changes in copper price thus have a so-called "recurring" effect on the Group's performance and a so called "non-recurring" effect:

- The recurring effect corresponds to the change in value of the copper part included in the selling price of cables from one period to another and reflects the Group's ability to pass on to its customers the changes in cables purchase price linked to the evolution of copper price. The effect mainly relates to sales;

- The non-recurring effect corresponds to the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit), offset, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit and has an effect on EBITA[1]).

1.1.4 | Comparability of the Group's operating results

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

Exclude the effects of acquisitions and disposals

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

In 2006, the Group acquired Elektro-Material A.G. (Switzerland), Elettro Bergamo (Italy), V-Center (Poland), GE Supply (United States), DH Supply (United States), Capitol Light and Supply (United States), Kesco (Canada), and ACS (Australia). Furthermore, in May 2006, the Group formed company with a Chinese partner, Shanghai Bailian Group Co Ltd., to operate Hualian, Electric & Lighting Equipment Co, a distributor of electrical products based in Shanghai. The total amount of such investments was €840.3 million in 2006. The Group made no divestitures in 2006. In the first half-year of 2007, the Group acquired NCA (Australia), APPRO 5 (France), Clearlight Electrical (United-Kingdom), Tri-Valley Electric Supply (United States) as well as 51% of Huazhang Electric Automation (China). The total amount of such investments was €27.7 million for the first half-year of 2007. In the same period, the Group disposed of part of the activity of the company Kontakt Systeme in Switzerland for an amount of €3.0 millions.

Exclude the effects of fluctuations in exchange rates

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

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

The non-recurring effect related to changes in copper price, as described in paragraph 1.1.3 – Effects of the evolution of copper price here above, is taken out from both the information presented for the

[1] EBITA: Operating income before other income and other expenses.

current period and the information on a constant basis presented for the previous period. Such information is referred to as “adjusted” in the rest of this document.

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

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

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

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

- On a constant basis, adjusted, meaning on a constant basis and adjusted for the non-recurring effect related to changes in copper price. Such information is used for comparison related to gross profit, distribution and administrative expenses and EBITA;

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

These infomation do not derive from accounting systems but are the best estimate of comparable data in accordance with the principles set out above.

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

	Quarter ended June 30,		Half-year ended June 30,	
(in millions of euros)	2007	2006	2007	2006
Operating income	152.9	131.9	296.8	222.4
Other income and expenses	(29.9)	(3.0)	(31.2)	(7.2)
EBITA	**182.8**	**134.9**	**328.0**	**229.6**
External growth	-	35.3	-	54.3
Foreign exchange effect	-	(3.4)	-	(6.8)
Non recurring effect related to copper	(14.0)	(20.0)	(1.8)	(23.6)
Adjusted EBITA on a constant basis	**168.8**	**146.8**	**326.2**	**253.5**

1.2 | Comparison of the financial results as at June 30, 2007 and June 30, 2006

In the first half-year of 2007, Rexel continued to improve its operating performance and cash flow generation: sales grew by 4.5% on a constant basis and same number of working days compared to the first half-year of 2006 to €5,304.8 million. Adjusted operating income before other income and other expenses (adjusted EBITA) grew 28.7% on a constant basis to €326.2 million, representing 6.1% of sales in the first half-year of 2007 compared to 5.0% of sales in the first half-year of 2006. Free cash flow, after net investments and before interests and taxes paid, reached €363.8 million compared to €151.7 million in the same period of 2006.

This operating performance was achieved in an overall sustained organic growth of +4.5% on a constant basis and same number of working days. Europe and the Asia-Pacific zone, accounting for 54% of consolidated sales, posted +9.6% and +13.2% sales growth respectively, which more than offset the decrease in sales in North America (representing 45% of consolidated sales), which was -1.4% on a constant basis and same number of working days.

Rexel's end-markets, industrial, commercial and residential, have expanded in the first half-year of 2007 in Europe. The growth of renovation business, which represents half of the Group's construction activity on the continent, more than compensated lower residential construction in France and in the United-Kingdom in the first half-year of 2007 compared to the the first half-year of 2006. In the Asia-Pacific zone, the growth was very high in the commercial and industrial markets, especially in the mining industry. In North America, markets posted a slight increase in Canada but the strong decrease of residential construction in the United States, with indirect effects on commercial activity, together with a high 2006 comparison basis, resulted in a decrease in sales.

In this situation, Rexel pursues implementing its operating levers – including development of customers' services, continuous improvement of pricing structures and enrichment of suppliers' partnerships – and achieves forecast synergies from the integration of the US based network Gexpro (formerly GE Supply). On a constant basis, the adjusted gross margin improved from 24.1% of sale in the first half-year of 2006 to 24.8% in the first half-year of 2007.

Rexel is continuously improving its logistic structures and the productivity of its support functions. In addition, Rexel launched a cost reduction plan in the the US electrical distribution business, in order to adapt to the current activity trends. These actions, together with comparable costs containment in the other zones, resulted in a decrease of costs as a percentage of sales, from 19.1% in the first half-year of 2006 to 18.6% in the first half-year of 2007 on constant and adjusted basis. Their increase was limited to 2.1% in the first half-year of 2007 compared to the first half-year of 2006 and to 0.6% in the second quarter of 2007.

Combination of a sustained organic growth, a gross margin improvement and a strict costs control, resulted in a significant increase of adjusted EBITA on a constant basis.

The significant improvement of operating profitability in the first half-year of 2007 came along with a strong cash flow generation, especially through the continuing reduction of working capital requirements. As a percentage of sales, this latter decreased from 15.0% on a constant basis at June 30, 2006 to 13.6% at June 30, 2007. Free cash flow before interest and taxes paid increased by 139.8% compared to the first half-year of 2006, to €363.8 million.

Finally, in the first half-year of 2007, Rexel pursued its bolt-on acquisition strategy in the electrical equipment business: 5 acquisitions were finalized in the first six months of the year, in Australia, in China, in France, in the United States and in the United-Kingdom.

1.2.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the second quarters and first year-half 2007 and 2006, in millions of euros and as a percentage of sales.

	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2007	2006	Changes in %	2007	2006	Changes in %
Sales	**2,728.6**	**2,104.7**	**29.6%**	**5,304.8**	**4,071.5**	**30.3%**
Gross profit	676.5	547.7	23.5%	1,314.8	1,042.8	26.1%
Distribution and administrative expenses[(1)]	(493.7)	(412.8)	19.6%	(986.8)	(813.2)	21.4%
EBITA[(2)]	**182.8**	**134.9**	**35.5%**	**328.0**	**229.6**	**42.8%**
Other income and expenses[(3)]	(29.9)	(3.0)		(31.2)	(7.2)	
Operating income	152.9	131.9	15.9%	296.8	222.4	33.5%
Financial expenses[(3)]	(192.4)	(54.7)	251.7%	(263.2)	(112.3)	134.4%
Income tax[(3)]	9.4	(23.6)	(139.8)%	(14.6)	(33.6)	(56.5)%
Net income[(3)]	(30.1)	53.6	(156.2)%	19.0	76.5	(75.2)%
Net income, excluding items related to Rexel's IPO	**101.6**	**53.6**	**89.6%**	**150.7**	**76.5**	**97.0%**
as a % of sales	*3.7%*	*2.5%*		*2.8%*	*1.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2007	2006	Changes in %	2007	2006	Changes in %
Sales	**2,728.6**	**2,632.4**	**3.7%** [(4)]	**5,304.8**	**5,075.5**	**4.5%** [(4)]
Gross profit	662.6	637.7	3.9%	1,314.3	1,221.5	7.6%
as a % of sales	*24.3%*	*24.2%*		*24.8%*	*24.1%*	
Distribution and administrative expenses	(493.8)	(490.9)	0.6%	(988.1)	(968.0)	2.1%
as a % of sales	*(18.1)%*	*(18.6)%*		*(18.6)%*	*(19.1)%*	
EBITA[(2)]	**168.8**	**146.8**	**15.0%**	**326.2**	**253.5**	**28.7%**
as a % of sales	***6.2%***	***5.6%***		***6.1%***	***5.0%***	

[(1)] Including depreciation	(17.3)	(14.5)	19.3%	(34.1)	(29.0)	17.7%

[(2)] EBITA = Operating income before other income and other expenses.
[(3)] Including items related to Rexel's IPO.
[(4)] Respectively 3.3 % and 4.5 % on a constant basis and same number of w orking days for the quarter and the half-year.

Sales

In the first half-year of 2007, Rexel's consolidated sales grew 30.3% to reach €5,304.8 million, a 4.5% growth on a constant basis and same number of working days. Acquisitions accounted for an increase of €1,118.3 million, partly offset by the effect of changes in exchange rates, in an amount of €113.6 million, mainly due to the depreciation of the US and Canadian dollars against the Euro. In the second quarter of 2007, sales grew 3.3% on a constant basis and same number of working days.

The following table analyzes the changes in sales growth between 2006 and 2007, on a reported basis and on a constant basis and same number of working days:

		Growth 2007 vs. 2006		
		Q1	Q2	H1
Growth on a constant basis and same number of working days		5.9%	3.3%	4.5%
Number of working days effect		(0.4)%	0.4%	0.0%
Organic growth	(1)	*5.5%*	*3.7%*	*4.5%*
External growth		27.7%	27.1%	27.4%
Foreign exchange		(3.6)%	(2.1)%	(2.8)%
Total of external growth and foreign exchange	(2)	*24.2%*	*25.0%*	*24.7%*
Actual growth (1) x (2)		31.0%	29.6%	30.3%

The Group's commercial dynamism resulted in a 3.3% organic growth in the second quarter of 2007, compared to a 5.9% growth in the first quarter of 2007, despite a high comparison basis in the second quarter of 2006 (+15.7% compared to the second quarter of 2005).

On a constant basis and same number of working days, the evolution in copper-based cable prices accounted for around one third of sales growth in the first half-year of 2007 and for around 15% in the second quarter, with a usual supplier-driven time lag between copper price changes and cable prices changes.

Gross profit

In the first half-year of 2007, gross margin increased to 24.8% compare to 25.6% in the first half-year of 2006. On a constant basis, adjusted gross margin improved by 70 basis points from 24.1% in the first half-year of 2006 to 24.8% in the first half-year of 2007. This improvement reflects:

- An on-going improvement of 20 basis points resulting from operating levers including pricing initiatives, partnership development with suppliers and Gexpro purchasing synergies;

- A non-recurring favorable effect of 50 basis points essentially generated in the first quarter, stemming from one-offs, including commercial initiatives and inflation on non-copper related products.

In the second quarter of 2007, adjusted gross margin improved by 10 basis points, reflecting the on-going improvement mentioned above, partly offset in the second quarter by commercial investments, notably in North America.

Distribution and administrative expenses

Rexel pursued the improvement of its costs structure over the period. Distribution and administrative expenses as a percentage of sales decreased from 19.1% in the first half-year of 2006 to 18.6% in the first half-year of 2007. On a constant basis, adjusted distribution and administrative expenses increased by 2.1% between the first half-year of 2006 and the first half-year of 2007. Adjusted personnel expenses increased by 3.9% on a constant basis while the average number of employees increased by a limited 1.3%. At June 30, 2007, the number of employees was reduced by 206 persons compared to the end of December 2006 on a constant basis, mainly in North America, in order to adapt the Group's costs structure to the current activity trend in this zone. At June 30, 2007, total number of employees was 25,489. Other distribution and administrative expenses decreased by 0.6% between the first half-year of 2006 and the first half-year of 2007.

In the second quarter of 2007, the increase in distribution and administrative expenses was also limited to 0.6% due to a strict costs control and a high base of non-recurring expenses in the second quarter of 2006.

Operating income before other income and other expenses (EBITA)

Operating income before other income and other expenses (EBITA) reached €328.0 million in the first half-year of 2006, a 42.8% increase compared to the first half-year of 2006 on a reported basis. On a constant basis, adjusted EBITA increased by 28.7% while EBITA margin improved from 5.0% in the first half-year of 2006 to 6.1% in the first half-year of 2007. This evolution stems from the improvement in gross profit and the control of operating expenses. In the second quarter of 2007, adjusted EBITA increased by 15.0% on a constant basis compared to the second quarter of 2006 and improved by 60 basis points as a percentage of sales to 6.2% in the second quarter of 2007 compared to 5.6% in the second quarter of 2006.

Other income and other expenses

In the first half-year of 2007, other income reached €4.0 million and consisted in disposals of assets in an amount of €2.4 million and reversal of provisions in an amount of €1.6 million.

In the first half-year of 2007, other expenses reached €35.2 million and included €25.5 million of costs related to the IPO of Rexel completed in April 2007, in respect of employees shares purchase plan and free shares allocation plan for amounts of €7.8 million and €17.7 million respectively. In the second quarter of 2007, a €4.0 million impairment was also recorded on the disposal of a non-core activity of the Kontakt Systeme company, operating in Switzerland and in Germany.

Financial expenses

In the first half-year of 2007, net financial expenses were €263.2 million, including €164.1 million related to the Group's debt restructuring following its IPO, compared to €112.3 million in the first half-year of 2006. The effective interest rate was 6.8% in the first half-year of 2007. In the second quarter of 2007, due to the Senior Subordinated Notes repayment, effective interest rate was 5.7%.

Debt restructuring related expenses were recorded in the second quarter of 2007 in an amount of €164.1 million and consist in (i) a redemption premium of €89.6 million for the early repayment of the Senior Subordinated Notes and (ii) the write-off on the Senior Subordinated Notes and the 2005 Senior Credit Agreement transaction costs for €74.5 million.

Tax expenses

The effective tax rate was 43.5% at June 30, 2007 compared to 30.5% at June 30, 2006. The June 2006 effective tax rate included the non-recurring effect of the utilization of unrecognized prior tax losses. Excluding non-recurring IPO related costs, especially non-deductible expenses related to the free shares allocation plan, the effective tax rate would have been approximately 34% at June 30, 2007.

Net income

Net income amounted to €19.0 million in the first half-year of 2007 and was a loss of €30.1 million in the second quarter of 2007. Excluding IPO related costs, it would have been €150.7 million in the first half-year of 2007, compared to €76.5 million in the first half-year of 2006, a 97.0% increase.

1.2.2 | Europe

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**1,263.0**	**1,118.7**	**12.9%**	**2,493.8**	**2,164.6**	**15.2%**
Gross profit	342.7	306.5	11.8%	673.0	588.8	14.3%
Distribution and administrative expenses	(245.9)	(235.9)	4.2%	(489.0)	(460.7)	6.1%
EBITA(1)	**96.8**	**70.6**	**37.2%**	**184.0**	**128.1**	**43.6%**
as a % of sales	*7.7%*	*6.3%*		*7.4%*	*5.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**1,263.0**	**1,172.9**	**7.7%** (2)	**2,493.8**	**2,286.0**	**9.1%** (2)
Gross profit	332.9	307.2	8.4%	671.6	602.5	11.5%
as a % of sales	*26.4%*	*26.2%*		*26.9%*	*26.4%*	
Distribution and administrative expenses	(245.6)	(243.2)	1.0%	(489.4)	(479.3)	2.1%
as a % of sales	*(19.4)%*	*(20.7)%*		*(19.6)%*	*(21.0)%*	
EBITA(1)	**87.3**	**64.0**	**36.4%**	**182.2**	**123.2**	**47.9%**
as a % of sales	***6.9%***	***5.5%***		***7.3%***	***5.4%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Respectively 7.7 % and 9.6 % on a constant basis and same number of w orking days for the quarter and the half-year.

In the first half-year of 2007, sales increased by 15.2% in Europe compare to the first half-year of 2006 and reached €2,493.8 million. Acquisitions completed in 2006, mainly Elektro-Material A.G. in Switzerland, Gexpro business in Ireland and Elettro Bergamo in Italy, accounted for a €119.2 million increase. On a constant basis and same number of working days, sales increased by 9.6%.

In France, sales amounted to €1,211.4 million in the first half-year of 2007, a 9.5% increase on a constant basis and same number of working days. This increase reflects a double-digit growth with both contractors (approximately 55% of sales) and industrial customers (approximately 20% of sales). In Germany, sales amounted to €210.3 million in the first half-year of 2007, a 6.7% increase on a constant basis and same number of working days. Sales of industrial and automation products posted a double-digit growth in the half-year in a favorable environment driven by the high level of industrial investments. Sales of building equipments increased by 6%. In the United-Kingdom, sales amounted to €167.5 million in the first half-year of 2007, a 6.8% increased on a constant basis and same number of working days. This growth was particularly strong with larger contractors and more especially in the commercial market, including renovation of outlets. In Austria, sales amounted to €121.2 million in the first half-year of 2007, a 13.6% increase on a constant basis and same number of working days. All product families equally took part to this growth, fuelled by a very good economic environment. In Central Europe, sales amounted to €123.0 million in the first half-year of 2007, a 10.6% increase on a constant basis and same number of working days.

In the second quarter of 2007, sales growth amounted to 7.7% on a constant basis and same number of working days (including 7.6% in France, 3.5% in Germany and 6.3% in the United-Kingdom). This overall steady growth was lower than the one recorded in the first quarter of 2007 because of a high comparison basis in the second quarter of 2006, when growth reached 11.8%.

In the first half-year of 2007, gross profit amounted to €673.0 million, a 14.3% increase compared to the first half-year of 2006. On a constant basis, adjusted gross margin improved by 50 basis points and reached 26.9% of sales in the first half-year of 2007 compared to 26.4% in the first half-year of 2006. This performance mainly stems from on-going improvements, including purchasing conditions and inflation on products other than cables in the first quarter of 2007. In the second quarter of 2007, adjusted gross margin posted a 20 basis points increase, mainly due to the aforementioned on-going improvements.

In the first half-year of 2007, distribution and administrative expenses amounted to €489.0 million, i.e. 19.6% of sales compared to 21.3% in the first half-year of 2006. On a constant basis, adjusted distribution and administrative expense increased by 2.1%. Adjusted personnel expenses increased by 3.2% on a constant basis compared to a 0.1% increase of average headcount on a constant basis. Number of employees decreased from 12,524 at December 31, 2006 to 12,465 at June 30, 2007. In the second quarter of 2007, adjusted distribution and administrative expenses increased by only 1.0% due to a strict control over costs and a high comparison base of non-recurring expenses in the second quarter of 2006.

Operating income before other income and other expenses (EBITA) amounted to €184.0 million, a 43.6% increase compared to the first half-year of 2006. On a constant basis, adjusted EBITA increased by 47.9% and reached 7.3% of sales in the first half-year of 2007 compared to 5.4% in the first half-year of 2006. In the second quarter of 2007, adjusted EBITA increased by 36.4% on a constant basis compared to the second quarter of 2006, and improved by 140 basis points as a percentage of sales, from 5.5% of sales in the second quarter of 2006 to 6.9% in the second quarter of 2007.

1.2.3 | North America

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**1,244.0**	**814.5**	**52.7%**	**2,409.0**	**1,581.6**	**52.3%**
Gross profit	274.7	191.7	43.3%	532.4	362.0	47.1%
Distribution and administrative expenses	(202.6)	(134.9)	50.2%	(410.8)	(269.4)	52.5%
EBITA(1)	**72.1**	**56.8**	**27.0%**	**121.6**	**92.6**	**31.4%**
as a % of sales	*5.8%*	*7.0%*		*5.0%*	*5.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**1,244.0**	**1,264.9**	**(1.7)%** (2)	**2,409.0**	**2,436.0**	**(1.1)%** (2)
Gross profit	271.0	277.1	(2.2)%	534.2	522.7	2.2%
as a % of sales	*21.8%*	*21.9%*		*22.2%*	*21.5%*	
Distribution and administrative expenses	(203.0)	(202.9)	0.1%	(411.7)	(402.2)	2.4%
as a % of sales	*(16.3)%*	*(16.0)%*		*(17.1)%*	*(16.5)%*	
EBITA(1)	**68.0**	**74.2**	**(8.4)%**	**122.5**	**120.5**	**1.7%**
as a % of sales	***5.5%***	***5.9%***		***5.1%***	***4.9%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Respectively (2.3) % and (1.4) % on a constant basis and same number of w orking days for the quarter and the half-year.

In the first half-year of 2007, sales in North America amounted to €2,409.0 million, a 52.3% increase compared to the first half-year of 2006. This increase resulted from the acquisitions in 2006 in an amount of €971.8 million, despite a €117.4 million unfavorable evolution of US and Canadian dollars against the Euro. On a constant basis and same number of working days, sales decreased by 1.4%, the sales performance in Canada offsetting only partially the decrease in the United States.

In the United States, sales amounted to €1,923.6 million in the first half-year of 2007, a 2.3% decrease on a constant basis and same number of working days. This evolution resulted from a particularly high level of activity in the first half-year of 2006, especially due to the increase in cables sales and to the reconstruction activity in the wake of the Katrina hurricane, and the low level of residential construction in the first half-year of 2007 and the effects on residential-related commercial projects. In Canada, sales amounted to €485.4 million in the first half-year of 2007, a 2.3% increase on a constant basis and same number of working days. This increase was notably driven by the mining activity and the high level of construction markets in the Western region, as well as the commercial activity in Quebec.

In the second quarter of 2007, sales decreased by 2.3% on a constant basis and same number of working days, notably because of a very high comparison base in the second quarter of 2006 due to copper price and cable sales volume increase over the period (sales grew 19.9% compared to the second quarter of 2005 on a constant basis and same number of working days). Non-cable sales were almost stable both in the first half-year and the second quarter of 2007 compared to the comparable periods of 2006. The sales variation in the second quarter on a constant basis and same number of working days was (3.4)% in the United States and 2.3% in Canada.

In the first half-year of 2007, gross profit amounted to €532.4 million, a 47.1% increase compared to the first half-year of 2006, mainly due to changes in scope of consolidation in the United States and changes in exchange rates against the Euro. On a constant basis, adjusted gross margin improved by 70 basis points from 21.5% in the first half-year of 2006 to 22.2% in the first half-year of 2007. This improvement stems from Gexpro's low gross margin level in the first quarter of 2006, before the acquisition by Rexel, the implementation of purchasing synergies since the acquisition in August 2006, and commercial initiatives. In the second quarter of 2007, adjusted gross margin decreased by 10 basis points on a constant basis, including the effect of commercial investments in the quarter to strengthen Group's market positions.

Distribution and administrative expenses amounted to €410.8 million in the first half-year of 2007, i.e. 17.1% of sales compared to 17.0% in the first half-year of 2006. On a constant basis, adjusted distribution and administrative expenses increased by 2.4%, notably due to branches openings, the strengthening of Gexpro service activity and the employment of additional staff to carve out Gexpro from General Electric. Adjusted personnel costs increased by 4.0% on a constant basis compared to a 3.0% increase of average headcount. In the context of a the implementation of a cost reduction plan in the United States to adapt to current sales trends in the electrical distribution business, headcount was reduced by 3% in this activity in the first half-year of 2007 compared to the end of December 2006. As a consequence, the overall distribution and administrative expenses in the second quarter of 2007 were contained at the same level as in the second quarter of 2006.

Operating income before other income and other expenses (EBITA) thus amounted to €121.6 million in the first half-year of 2007, a 31.4% increase compared to the first half-year of 2006. On a constant basis, adjusted EBITA increased by 1.7%, from 4.9% of sales in the first half-year of 2006 to 5.1% in the first half-year of 2007. In the second quarter of 2007, adjusted EBITA decreased by 8.4% compared to the second quarter of 2006, a 40 basis points decline because of commercial investments on gross margin, while distribution and administrative expenses were stabilized.

1.2.4 | Asia-Pacific

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**205.7**	**156.6**	**31.3%**	**372.2**	**296.2**	**25.6%**
Gross profit	52.5	41.5	26.5%	96.6	79.4	21.7%
Distribution and administrative expenses	(37.6)	(31.9)	18.0%	(72.0)	(63.0)	14.3%
EBITA(1)	**14.9**	**9.6**	**56.0%**	**24.6**	**16.4**	**50.3%**
as a % of sales	*7.3%*	*6.1%*		*6.6%*	*5.5%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**205.7**	**180.7**	**13.8%** (2)	**372.2**	**326.9**	**13.9%** (2)
Gross profit	52.5	46.0	14.1%	96.0	84.8	13.2%
as a % of sales	*25.5%*	*25.4%*		*25.8%*	*25.9%*	
Distribution and administrative expenses	(37.6)	(35.2)	6.9%	(72.1)	(67.1)	7.4%
as a % of sales	*(18.3)%*	*(19.5)%*		*(19.4)%*	*(20.5)%*	
EBITA(1)	**14.9**	**10.8**	**37.5%**	**23.9**	**17.7**	**35.3%**
as a % of sales	***7.2%***	***6.0%***		***6.4%***	***5.4%***	

(1) EBITA = Operating income before other income and other expenses.
(2) 13.2 % on a constant basis and same number of w orking days for the quarter and the half-year.

In the first half-year of 2007, sales in the Asia-Pacific zone increased by 25.6% compared to the first half-year of 2007 to €372.2 million, or 13.2% on a constant basis and same number of working days. This increase is comparable to the one in the first quarter of 2007 despite a high sales level in the second quarter of 2006 due to copper price increase and anticipated purchases by Group's customers.

In the first half-year of 2007, sales in Australia amounted to €244.5 million, a 9.5% increase on a constant basis and same number of working days from the first half-year of 2006. This increase was mainly achieved in the industrial and mining businesses as well as in commercial construction. It also stems from the opening of eight branches in 2006 and three in 2007. The double-digit growth in the network specialized in datacom and security also contributed to this increase. In China, sales amounted to €33.1 million in the first half-year of 2007, a 66.0% increase on a constant basis and same number of working days compared to the first half-year of 2006, which evidences the development of professional distribution in the country.

In the second quarter of 2007, sales increase on a constant basis and same number of working days compared to the second quarter of 2006 was the same as in the first quarter of 2007. In Australia, this growth was 9.2%.

In the first half-year of 2007, gross profit increased by 21.7% to €96.6 million. On a constant basis, adjusted growth margin decreased by 10 basis points in the zone, due to the significant growth in Asia where gross margin is lower. In Australia and New-Zealand, gross margin improved thanks to the centralization of the purchasing function in Australia and a favorable mix evolution towards higher margin products.

Distribution and administrative expenses were €72.0 million in the first half-year of 2007, i.e. 19.4% of sales compared to 21.3% in the first half-year of 2006. On a constant basis, adjusted distribution and administrative expenses increased by 7.4% compared to the first half-year of 2006, including the effect of increasing building and occupancy costs and opening new branches. Adjusted personnel costs increased by 5.6% on a constant basis compared to a 0.7% increase of the average headcount, due to key employee retention plans. Headcount increased from 2,449 at December 31, 2006 to 2,510 at June 30, 2007 on a constant basis. In the second quarter of 2007, adjusted distribution and administrative expenses increased by 6.9%, a 120 basis points improvement as a percentage of sales.

Operating income before other income and other expenses (EBITA) thus amounted to €24.6 million in the first half-year of 2007, a 50.3% increase compared to the first half-year of 2006. On a constant basis, adjusted EBITA increased by 35.3%, from 5.4% of sales in the first half-year of 2006 to 6.4% in the first half-year of 2007. In the second quarter of 2007, adjusted EBITA increased by 37.5% compared to the second quarter of 2006, a 120 basis points improvement as a percentage of sales.

1.2.5 | Other operations

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**15.9**	**14.9**	**6.2%**	**29.8**	**29.1**	**2.6%**
Gross profit	6.6	8.0	(19.0)%	12.8	12.6	1.5%
Distribution and administrative expenses	(7.6)	(10.1)	(24.2)%	(15.0)	(20.1)	(25.1)%
EBITA(1)	**(1.0)**	**(2.1)**	**(45.2)%**	**(2.2)**	**(7.5)**	**(69.9)%**
as a % of sales	*(6.3)%*	*(14.1)%*		*(7.5)%*	*(25.6)%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA

(in millions of euros)	Quarter ended June 30, 2007	2006	Changes in %	Half-year ended June 30, 2007	2006	Changes in %
Sales	**15.9**	**13.9**	**14.4%** (2)	**29.8**	**26.6**	**12.4%** (2)
Gross profit	6.2	7.4	(17.1)%	12.5	11.5	8.1%
as a % of sales	*39.1%*	*54.0%*		*42.0%*	*43.6%*	
Distribution and administrative expenses	(7.6)	(9.6)	(22.2)%	(14.9)	(19.4)	(23.0)%
as a % of sales	*(47.9)%*	*(70.4)%*		*(50.0)%*	*(73.3)%*	
EBITA(1)	**(1.4)**	**(2.2)**	**(38.9)%**	**(2.4)**	**(7.9)**	**(68.6)%**
as a % of sales	***(8.8)%***	***(16.4)%***		***(8.3)%***	***(29.7)%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Respectively 14.5 % and 13.3 % on a constant basis and same number of w orking days for the quarter and the half-year.

Sales of other operations amounted to €29.8 million in the first half-year of 2007, a 13.3% increase compared to the first half-year of 2006 on a constant basis and same number of working days. In the second quarter of 2007, sales growth reached 14.5% on a constant basis and same number of working days.

Gross profit increased by 1.5% to €12.7 million. On a constant basis, adjusted gross profit increased by 8.1% and adjusted gross margin amounted to 42.0% in the first half-year of 2007 of sales compared to 43.6% in the first half-year of 2006.

Distribution and administrative expenses amounted to 14.9 million in the first half-year year of 2007, i.e. 50.2% of sales compared to 68.8% in the first half-year of 2006. On a constant basis, adjusted distribution and administrative expenses decreased by 23.0%, mainly due to non-recurring consulting fees in 2006.

Operating income before other income and other expenses (EBITA) amounted to a loss of €2.2 million in the first half-year of 2007 compared to a loss of €7.5 million in the first half-year of 2006.

1.3 | Risks and uncertainties regarding 2007 second half-year

Risk factors set out in the *Document de base*[2] are repeated.

1.4 | Outlooks regarding 2007 second half-year

In the second half of 2007, Rexel anticipates current macro-economic trends will continue, with sustained organic growth in Europe and Asia-Pacific and a continued challenging environment in North America, including a low level of residential and related activity and a high 2006 base effect.

Taking into account the strong results posted in the first half-year of 2007 and its expectations for the second half, Rexel confirms it is on track for the full year 2007 to deliver at least its 3% to 5% full-year 2007 organic sales[3] target and is revising upwards its adjusted EBITA margin target from above 5.4%[3] to above 5.8%.

[2] See chapter 4 of the *Document de base* n°I.07-11 registered with AMF on February 21, 2007.

[3] See chapter 12 and 13 of the *Document de base* n°I.07-11 registered with AMF on February 21, 2007. Organic growth measured at constant scope, exchange rates and same number of days. Copper price and EUR / USD exchange rate at average June 2007 levels for the second half-year of 2007.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow as at June 30, 2007 and June 30, 2006

The following table sets out Rexel's cash flow for the quarters and half-years ended June 30, 2007 and June 30, 2006.

(in millions of euros)		Quarter ended June 30,		Half-year ended June 30,	
		2007	2006	2007	2006
Operating cash flow [1]		194.4	148.1	354.8	256.1
Interest and taxes	(a)	(95.1)	(58.3)	(162.4)	(137.4)
Changes in working capital requirement		(11.6)	(44.3)	(7.6)	(85.7)
Cash flow from operating activities	(b)	87.7	45.5	184.8	33.0
Cash flow from investing activities		(21.4)	(155.6)	(5.5)	(351.9)
Including operating capital expenditures [2]	*(c)*	*(15.7)*	*(12.7)*	*16.6*	*(18.7)*
Cash flow from financing activities		143.2	177.3	71.2	175.9
Net cash flow		209.5	67.2	250.5	(143.0)
Free cash flow:					
- before interest and taxes (b) – (a) + (c)		**167.1**	**91.1**	**363.8**	**151.7**
- after interest and taxes (b) + (c)		**72.0**	**32.8**	**201.4**	**14.3**

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

[2] Net of disposals.

2.1.1 | Cash flow from operating activities

Rexel's cash flow from operating activities was a €184.9 million inflow in the first half-year of 2007 compared to €33.0 million in the first half-year of 2006. In the second quarter of 2007, cash flow from operating activities amounted to a €87.8 million inflow compared to €45.5 million in the second quarter of 2006.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements grew from €256.1 million in the first half-year of 2006 to €354.8 million in the first half-year of 2007. This mainly resulted from the improvement in operating income before depreciation, other income and other expenses (EBITDA) which rose from €258.6 million in the first half-year of 2006 to €362.1 million in the first half-year of 2007, a 40.0% increase. The increase in operating cash flow before interest, income tax and changes in working capital requirements was 31.3% between the second quarter of 2006 and the second quarter of 2007 for a similar change in EBITDA.

Interest and taxes

Interest and income taxes paid by Rexel increased from €137.4 million in the first half-year of 2006 to €162.4 million in the first half-year of 2006. They grew from €58.3 million in the second quarter of 2006 to €95.1 million in the second quarter of 2007.

In the first year-half of 2007, interest paid amounted to €165.2 million compared to €91.1 million in the first half-year of 2006. This increase was mainly due to the payment of the redemption premium for the Senior Subordinated Notes in an amount of €89.6 million pursuant to the refinancing operations following the initial public offering of Rexel. Interest increased from €38.5 million in the second quarter of 2006 to €110.9 million in the second quarter of 2007 mainly due to this payment. Excluding this payment, interests paid in the second quarter of 2007 are lower than those paid in the second quarter of 2006, thus reflecting the strengthening of the financial structure due to the IPO on April 11, 2007.

In the first half-year of 2007, €2.8 million income taxes were received compared to installment paid for an amount of €46.3 million in the first half-year of 2006. In the first half-year of 2006, due to the termination of the previous French tax group, Rexel's French entities paid tax installments on their own profits. These installments were repaid by the French authorities in an amount of €53.4 million in the second quarter of 2007 because of tax credits at the level of the tax group headed by Rexel in France, while no installment were paid in 2007 by this tax group.

Changes in working capital requirement

Cash consumed by changes in working capital requirements amounted to €7.6 million in the first half-year of 2007 compared to €85.7 million in the first half-year of 2006. This change stems from the optimization of inventory turn and from the increase in D.P.O. (days of payables outstanding). As a percentage of the last twelve months of sales converted using exchange rates effective as at the end of the period, the working capital requirements decreased from 15.0% at June 30, 2006 on a constant basis to 13.6% at June 30, 2007.

2.1.2 | Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to a €5.5 million outflow in the first half-year of 2007 compared to €351.9 million in the first half-year of 2006.

	Quarter ended June 30,		Half-year ended June 30,	
(in millions of euros)	2007	2006	2007	2006
Acquisitions of operating fixed assets(1)	(15.7)	(12.7)	16.6	(18.7)
Acquisitions of financial fixed assets(1)	(6.0)	(149.5)	(24.6)	(338.6)
Net change in long-term investments	0.3	6.6	2.5	5.4
Cash flow from investing activities	(21.4)	(155.6)	(5.5)	(351.9)

(1) Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisition of operating fixed assets, net of disposals, were a €16.6 million inflow in the first half-year of 2007 compared to a €18.7 million outflow in the first half-year of 2006.

In the first half-year of 2007, gross capital expenditures amounted to €32.9 million, i.e. 0.6% of the sales of the period, of which €11.9 million related to IT systems, €12.7 million to the renovation of existing branches and the opening of new branches, €6.0 million to logistics and €2.3 million to other investments. Disposals of fixed assets in the first half-year of 2007 amounted to €49.5 million and mainly related to a sale and leaseback transaction on commercial premises in Switzerland in an amount of €46.3 million (€42.5 million net of related taxes).

In the first half-year of 2006, gross capital expenditures amounted to €24.3 million, including €11.8 million related to IT systems, €6.3 million to the renovation of existing branches and the opening of new branches, €2.0 million to logistics and €4.2 million to other investments. Moreover, Rexel disposed of fixed assets amounting to €5.6 million, including operating premises in France and the United Kingdom.

Financial investments

Rexel's net financial investments represented an outflow of €24.6 million in the first half-year of 2007 compared to a €338.6 million outflow in the first half-year of 2006. In the first half-year of 2007, financial investments included mainly a price adjustment paid in March 2007 and related to the acquisition of GE Supply for US $9.7 million (€7.7 million) and the acquisition of APPRO 5 in France for €6.7 million, of Clearlight Electrical in the United-Kingdom for £5.2 million (€7.0 million) and of Tri-Valley Electric Supply in the United States for US $1.4 million (€1.1 million). In the second quarter of 2007, Rexel disposed of part of the business of the company Kontakt Systeme for a net amount of €3.0 million. In the first half-year of 2006, financial investments included the acquisitions of Elektro-Material A.G. for a cash consideration of CHF296.6 million (€190.7 million), Elettro Bergamo S.r.l. for a cash consideration of €11.1 million and Capitol Light and Supply for a cash consideration of US $170.0 million (€138.3 million).

Changes in long-term investments

Net cash provided by changes in long term investments amounted to €2.5 million in the first half-year of 2007 compared to a net inflow of €5.4 million in the first half-year of 2006. Net cash recorded in the first half-year of 2007 mainly reflected the reimbursement of a portion of cash collateral pledged to guarantee a credit facility in Australia. Net cash inflow in the first half-year of 2006 mainly included a €18.4 million deferred consideration received regarding the sale in 2003 of Gardiner, the former security business of the Group, partially offset by a US $15 million loan (€12.2 million) to Capitol Light and Supply.

2.1.3 | Cash flow from financing activities

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

In the first half-year of 2007, financing activities accounted for €71.2 million inflow compared to €175.9 million in the first half-year of 2006. The net proceeds from the initial public offering in the second quarter of 2007 were €1.012.3 million. Together with the 2007 term loan facilities, drawn down in an amount of €1.300 million, these inflows were used to repay in full the former 2005 Senior Credit agreement and the €600.0 million Senior Subordinated Notes. In addition, repayments of finance lease liabilities amounted to €15.5 million.

Financing activities resulted in net cash inflows of €175.9 million in the first half-year of 2006, including an increase in securitization programs for an amount of €141.1 million, used to reimburse facilities under the 2005 Senior Credit Agreement for €57.4 million. In addition, €145.1 million were drawn down under term loan D of the 2005 Senior Credit Agreement whereas €17.9 million under term loan A used by Rexel Distribution and Rexel Inc., and the €32.5 million revolving credit facility were repaid. Finance lease repayments amounted to €10.7 million.

2.2 | Sources of financing of the Group

Other than cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At June 30, 2007, Rexel's consolidated net debt amounted to €1,740.2 million, and was made up as follows:

	June 30, 2007			December 31, 2006		
(in millions of euros)	Current	Non current	Total	Current	Non current	Total
Shareholders' loan	**-**	**-**	**-**	**496.9**	**543.0**	**1,039.9**
Senior subordinated notes and indexed bonds	-	53.6	53.6	17.5	652.8	670.3
Senior credit facility	-	1,298.1	1,298.1	45.3	1,559.1	1,604.4
Securitization	-	1,011.8	1,011.8	-	1,007.5	1,007.5
Bank loans	6.0	5.7	11.7	5.3	5.3	10.6
Bank overdrafts and other credit facilities	34.7	-	34.7	34.0	-	34.0
Finance lease obligations	25.5	41.3	66.8	27.7	62.3	90.0
Less transaction costs	-	(17.2)	(17.2)	-	(82.6)	(82.6)
Carrying amount of liabilities	**66.2**	**2,393.3**	**2,459.5**	**129.8**	**3,204.4**	**3,334.2**
Total financial debt and accrued interest			**2,459.5**			**4,374.1**
Cash and cash equivalents			(719.3)			(473.1)
Net financial debt (including shareholders' loan)			**1,740.2**			**3,901.0**

Changes between the two dates are mainly related to the restructuring operations of the Group's indebtedness structure following the listing for trading on the Eurolist market of Euronext Paris (see note 14 – Financial liabilities to Rexel's Condensed Consolidated Interim Financial Statement as of June 30, 2007).

II. Condensed consolidated interim financial statements as of June 30, 2007

This document is a free translation from French to English of Rexel's original condensed interim financial statements for the period ended June 30, 2007 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed interim financial statements for period ended June 30, 2007, the French version will prevail.

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Consolidated income statement

(in millions of euros)	***Notes***	**For the period ended June 30, 2007**	**June 30, 2006**
Sales	***5***	5,304.8	4,071.5
Cost of goods sold		(3,990.0)	(3,028.8)
Gross profit		**1,314.8**	**1,042.7**
Distribution and administrative expenses	***6***	(986.8)	(813.1)
Operating income before other income and expenses		**328.0**	**229.6**
Other income	***7***	4.0	1.4
Other expenses	***7***	(35.2)	(8.6)
Operating income		**296.8**	**222.4**
Financial income		22.0	15.3
Interest expense on borrowings		(109.0)	(111.8)
Refinancing related expenses	***2.2***	(164.1)	-
Other financial expenses		(12.1)	(15.8)
Financial expenses (net)	***8***	*(263.2)*	*(112.3)*
Net Income before income tax		**33.6**	**110.1**
Income tax	***9***	(14.6)	(33.6)
Net income		**19.0**	**76.5**
Attributable to:			
Equity holders of the parent		18.8	76.5
Minority interests		0.2	-
Earnings per share:			
Basic earnings per share (*in euros*)	***13***	0.10	0.61
Fully diluted earnings per share (*in euros*)	***13***	0.10	0.60

Consolidated balance sheet

(in millions of euros)

	Notes	June 30, 2007	December 31, 2006
Assets			
Goodwill	4	2,591.8	2,553.6
Intangible assets		696.0	696.9
Property, plant & equipment		268.1	268.5
Long-term investments		41.3	39.3
Deferred tax assets		119.9	136.2
Total non-current assets		**3,717.1**	**3,694.5**
Inventories		1,186.3	1,117.0
Trade accounts receivable		2,121.2	2,026.9
Income tax receivable		1.4	54.6
Other accounts receivable		382.5	437.0
Assets classified as held for sale	10	1.6	50.7
Cash and cash equivalents	14	719.3	473.1
Total current assets		**4,412.3**	**4,159.3**
Total assets		**8,129.4**	**7,853.8**
Equity			
Share capital	11	1,280.0	630.5
Share premium	11	1,410.1	1.6
Reserves and retained earnings		437.2	350.9
Total equity attributable to equity holders of the parent		3,127.3	983.0
Minority interests		6.4	5.6
Total equity		**3,133.7**	**988.6**
Liabilities			
Shareholders' loan (long-term portion)	14	-	543.0
Other financial liabilities (long-term portion) excluding shareholders' loan	14	2,393.3	3,204.4
Employee benefits		134.0	133.7
Deferred tax liabilities		112.2	173.5
Provision and other non-current liabilities		51.1	58.0
Total non-current liabilities		**2,690.6**	**4,112.6**
Shareholders' loan (current portion)	14	-	496.9
Other financial liabilities (current portion) excluding shareholders' loan	14	61.7	109.5
Accrued interest	14	4.5	20.3
Trade accounts payable		1,760.9	1,616.1
Income tax payable		27.8	25.8
Other current liabilities		450.2	481.6
Liabilities classified as held for sale		-	2.4
Total current liabilities		**2,305.1**	**2,752.6**
Total liabilities		**4,995.7**	**6,865.2**
Total equity and liabilities		**8,129.4**	**7,853.8**

Consolidated statement of cash flows

(in millions of euros)	For the period ended June 30, 2007	June 30, 2006
Cash flows from operating activities		
Operating income	296.8	222.4
Depreciation, amortisation and impairment of assets	38.1	29.0
Employee benefits	(1.2)	0.8
Change in other provisions	(3.2)	1.3
Other non-cash operating items	24.3	2.6
Interest paid	(165.2)	(91.1)
Income tax paid	2.8	(46.3)
Operating cash flows before change in working capital requirements	*192.4*	*118.7*
Change in inventories	(63.0)	(54.6)
Change in trade and other receivables	(76.8)	(153.1)
Change in trade and other payables	126.0	96.5
Changes in other working capital items	6.2	25.5
Change in working capital	*(7.6)*	*(85.7)*
Net cash from operating activities	184.8	33.0
Cash flows from investing activities		
Acquisition of property, plant and equipment	(32.9)	(24.3)
Proceeds from disposal of property, plant and equipment	49.5	5.6
Acquisition of subsidiaries, net of cash acquired	(27.7)	(338.9)
Proceeds from disposal of subsidiaries, net of cash disposed of	3.1	0.3
Change in long-term investments	2.5	5.4
Net cash from investing activities	(5.5)	(351.9)
Cash flows from financing activities		
Proceeds from the issue of share capital	1,012.8	-
Repurchase of treasury shares	(2.7)	-
Net change in credit facilities and other financial borrowings	(927.1)	47.4
Net change in securitisation	3.9	141.1
Payment of finance lease liabilities	(15.5)	(10.7)
Repayment of long-term borrowings	-	(1.9)
Dividends paid	(0.2)	-
Net cash from financing activities	71.2	175.9
Net increase in cash and cash equivalents	250.5	(143.0)
Cash and cash equivalents at the beginning of the period	473.1	434.7
Effect of exchange rate changes on cash and cash equivalents	(4.3)	(4.2)
Cash and cash equivalents at the end of the period	**719.3**	**287.5**

Consolidated statement of recognised income and expense

(in millions of euros)	For the period ended June 30, 2007	June 30, 2006
Net income	**19.0**	**76.5**
Foreign currency exchange discrepancies	22.1	(46.4)
Cash flow hedges (net of tax)	7.2	18.0
Income and expenses recognised directly in equity	*29.3*	*(28.4)*
Total recognised income and expense for the period	**48.3**	**48.1**
Attributable to:		
Equity holders of the parent	48.1	48.4
Minority interest	0.2	(0.3)

Consolidated statement of changes in shareholders' equity

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	**Total attributable to the group**	Minority interests	**Total**
At January 1, 2006	**630.5**	**1.6**	**139.3**	**68.7**	**(0.7)**	**-**	**839.4**	**2.8**	**842.2**
Foreign currency exchange discrepancies				(63.4)			(63.4)	(0.4)	(63.8)
Cash flow hedges					13.0		13.0		13.0
Income and expenses recognised directly in equity	**-**	**-**	**-**	**(63.4)**	**13.0**		**(50.4)**	**(0.4)**	**(50.8)**
Net income			188.9				188.9	-	188.9
Total recognised income and expense for the period	**-**	**-**	**188.9**	**(63.4)**	**13.0**		**138.5**	**(0.4)**	**138.1**
Issue of share capital							-		-
Share-based payments			5.1				5.1		5.1
Minority interests in companies acquired or sold							-	3.2	3.2
At December 31, 2006	**630.5**	**1.6**	**333.3**	**5.3**	**12.3**	**-**	**983.0**	**5.6**	**988.6**
Foreign currency exchange discrepancies				22.1			22.1		22.1
Cash flow hedges					7.2		7.2		7.2
Income and expenses recognised directly in equity	**-**	**-**	**-**	**22.1**	**7.2**		**29.3**	**-**	**29.3**
Net income			18.8				18.8	0.2	19.0
Total recognised income and expense for the period	**-**	**-**	**18.8**	**22.1**	**7.2**		**48.1**	**0.2**	**48.3**
Issue of share capital	649.5	1,408.5	14.7				2,072.7	0.5	2,073.2
Share-based payments			26.4				26.4		26.4
Treasury shares						(2.7)	(2.7)		(2.7)
Dividends paid			(0.2)				(0.2)		(0.2)
Minority interests in companies acquired or sold							-	0.1	0.1
At June 30, 2007	**1,280.0**	**1,410.1**	**393.0**	**27.4**	**19.5**	**(2.7)**	**3,127.3**	**6.4**	**3,133.7**

Notes

1. | GENERAL INFORMATION

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

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

The present condensed consolidated interim financial statements cover the period from January 1, 2007 to June 30, 2007. They have been approved by the Management Board on July 31, 2007.

2. | SIGNIFICANT EVENTS FOR THE SEMESTER ENDED JUNE 30, 2007

During the first semester of 2007, the company Rexel was introduced to the stock market. The following transactions are described in the offering circulars filed to the Autorité des Marchés Financiers (AMF) on March 20, 2007 and registered with the numbers 07-093 and 07-094.

- Initial public offering (IPO) of Rexel

In April 2007, Rexel shares were admitted to trading on the Eurolist market, through both a retail offering in France and a global offering to international investors for newly issued shares. The initial offering share price was fixed at €16.5 per share, which resulted in gross proceeds for the newly issued capital of €1 billion. Concurrently, an employee offering resulted in additional proceeds of €32.6 million. Lastly, share subscription rights issued in 2005 as part of a management shareholding scheme have been exercised and resulted in a share capital increase of €15.2 million (see note 11).

In addition, Rexel has entered into several free shares schemes to top executives and certain key employees. In connection with these plans, 5,022,190 free shares were granted on April 11, 2007 subject to service and performance conditions (see note 12).

- Restructuring of indebtedness

Concurrently to these transactions, the structure of the Group's indebtedness was modified as follows:

- Capitalisation of the shareholders' loan: On April 4, 2007, the General Meeting of Rexel's shareholders approved the incorporation of the shareholders' loan into the company's capital for an amount of €1,052.9 million, including the interest accrued as of this date;
- Paying off of the Senior Subordinated Notes: these bonds with a total par value of €600.0 million were redeemed in April, 2007.
- Refinancing of the 2005 Senior Credit Agreement for an amount of €1.6 billion and drawing of the 2007 Senior Credit Agreement, which was entered into on February 15, 2007, for a total value of €1.3 billion, and put into effect on April 17, 2007 following the execution of the initial public offering.

2.1 | Impact of these transactions on shareholders' equity and net debt

The impact of the restructuring of capital, initial public offering, and refinancing on equity and debt as of June 30, 2007 are presented in the table below:

(in millions of euros)	**Impact on equity**	**Net Debt**
IPO proceeds	1,000.0	(1,000.0)
Employee Offering (1)	31.1	(32.6)
Share Subscription warrants	15.2	(15.2)
Transaction costs (1)	(28.0)	35.5
Capitalization of shareholders' loan	1,052.9	(1,052.9)
Subordinated notes redemption premium (1)	(58.8)	89.6
Write down of past transaction costs (1)	(48.8)	74.5
Total	**1,963.6**	**(1,901.1)**

(1) After tax

The initial public offering related costs (retail offering in France, international offering to investors, and employee offering) amounted to €42.8 million before tax (of which €35.5 million has been paid as of June 30, 2007) and were recorded against the share premium. Consequently to these transactions, Rexel's share capital amounted to €1,280.0 million divided in 255.993.827 shares with a par value of €5 each.

2.2 | Impact of these transactions on the income statement

The impact on net income for the first semester of 2007 of these transactions was an additional expense of €131.6 million including:

- the premium for early redemption of the Senior Subordinated Notes for €89.6 million (€58.8 million net of tax) and the write-down of the transaction costs relating to the Senior Subordinated Notes and the 2005 Senior Credit Agreement for €74.5 million (€48.8 million net of tax), both recorded as financial expenses.
- the effect of the employee offering and the free share scheme amounted to respectively €7.8 million before tax (€6.3 million net of tax) and €17.7 million (without any tax effect), both recorded under the line item "other expenses". The overall expense relating to the free shares scheme amounts to €75.4 million and is spread over the vesting period (see note 12).

3. | SIGNIFICANT ACCOUNTING POLICIES

3.1 | Statement of compliance

These condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ended June 30, 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and in particular with IAS 34, relating to Interim Financial Reporting. In accordance with IAS 34, they do not include all the information required in the annual financial statements, but only selected explanatory notes, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2006, which are included in the "*document de base*" filed with the AMF on February 21, 2007 under the number I.07-011.

3.2 |Basis of preparation

The accounting policies used in the condensed consolidated financial statements for the period ended June 30, 2007 are identical to those used and described in the consolidated financial statements for the year ended December 31, 2006. New standards and interpretations applicable starting January 1, 2007 did not have any significant impact on the Group's financial situation or the condensed consolidated interim financial statements for the period ended June 30, 2007.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for during the period in which they are made and all subsequent periods.

3.2.1 | Accounting standards and interpretations effective in 2007

- IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies" addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular accounting for revaluation of non-monetary items and related deferred tax accounting.
- IFRIC 8 "Scope of IFRS 2 Shared-based Payment" requires that IFRS 2 be applied to all equity instruments transactions in which the consideration for the goods and services received is lower than the fair value of the share-based payment.
- IFRIC 9 "Reassessment of Embedded Derivatives" requires that reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when the entity becomes party to the contract or when there are changes to the contract resulting in significant changes in expected cash flows.
- IFRIC 10 "Interim Financial Reporting and Impairment" prohibits the reversal of an impairment loss recognised in a previous interim period in respect to goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will apply prospectively from the date that the Group first applied the measurement criteria of IAS 36 "Impairment of Assets" and IAS 39 "Financial instruments: Recognition and Measurement" respectively (i.e. January 1, 2004).

These interpretations had no effect on the Group's financial statements for the first semester of 2007.

In addition, the requirements from IFRS 7 "Financial Instruments : Disclosures" and the Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" will be effective in the December 31, 2007 consolidated financial statements.These standards require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks arising from financial instruments, to which the entity is exposed.

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

- IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions" gives guidance on how to account for and evaluate equity instruments granted by a parent company to a subsidiary's employees.

  IFRIC 11 will be mandatory for 2008 consolidated financial statements with possible earlier application. The Group has not opted for earlier application of the above interpretation.

4. | BUSINESS COMBINATIONS

4.1 | Follow up of 2006 acquisitions

4.1.1 | Acquisition of GE Supply

In accordance with the purchase agreement signed on July 11, 2006, the Group concluded on March 6, 2007 a transaction relating to the purchase price of GE Supply and in connection with a working capital requirement adjustment, under which the Group undertook to pay General Electric an amount of $9.7 million (€7.7 million). This amount was paid on March 8, 2007.

The purchase agreement for GE Supply included certain assets located in China, Malaysia, and Indonesia. The effective transfer of these assets was made, after obtaining the necessary administrative authorisation, for an amount of $1.8 million net of cash acquired (€1.4 million) on January 1, 2007 for China, May 6, 2007 for Malaysia and June 3, 2007 for Indonesia. These assets were consolidated from their acquisition dates.

These transactions resulted in an increase of GE Supply goodwill of $12.5 million (€9.7 million based on the average exchange rate), which amounts to $185.5 million total as of June 30, 2007 (€137.3 million) in comparison with $173.0 million as of December 31, 2006 (€131.2 million).

4.1.2 | Acquisition of V-Center

On November 2, 2006, the Group acquired V-Center, an electrical equipment distributor located in Katowice (Poland). This company was consolidated from January 1, 2007. The goodwill related to this acquisition, determined on a provisional basis, amounts to €3.4 million as of June 30, 2007.

4.2 | Acquisitions for the period ended June 30, 2007

During the first semester of 2007, Rexel completed the following acquisitions, which are not deemed to be material on the financial situation of the company. As a result, neither sales nor profit and loss have been provided for the combined entity, had these acquisitions been effective on January 1, 2007.

4.2.1 | Acquisition of Network Connect Australia Pty (NCA)

On February 28, 2007, the Group acquired Network Connect Australia Pty Ltd (NCA), a company located in Australia, specialised in the distribution of communication solutions. This entity was consolidated from March 1, 2007. The amount of the transaction was AUD3.7 million (€2.2 million), of which AUD2.3 million (€1.4 million) was paid during the first semester of 2007. The outstanding balance will be paid in 2007 for AUD0.7 million and between January 1, 2008 and January 31, 2010 for the remaining part. The goodwill related to this acquisition, determined on a provisional basis, amounts to €1.5 million as of June 30, 2007.

4.2.2 | Acquisition of APPRO 5

On March 9, 2007, the Group completed the acquisition of APPRO 5, an electrical equipment distribution company located in France, for an amount of €7.0 million. The goodwill related to this transaction, determined on a provisional basis, amounted to €5.2 million as of June 30, 2007.

4.2.3 | Acquisition of Huazhang Electrical Automation

On March 16, 2007, the Group acquired control, through a shareholding of 51%, of Huazhang Electrical Automation Co. LTD, a Hong Kong based company that distributes automatisms and industrial equipment controls in Hong Kong and in the west of China. The transaction amounted to CNY31.7 million (€3.1 million), including an estimated earn-out based on the 2007 operating income before net financial expenses and income taxes. The Group has the option to extend its shareholding to 70% in 2009. The purchase price will be based on the operating income at the date of the execution of the option. The goodwill related to this transaction, determined on a provisional basis, amounted to €3.0 million as of June 30, 2007.

4.2.4 | Acquisition of Power Industries Limited

On June 29, 2007, the Group acquired the company Power Industries Ltd, which holds the shares of Clearlight Electrical Company Ltd, located in Great Britain and specialized in the distribution of electrical material in the London and Essex regions. The transaction amounted to £5.8 million (€8.6 million), including indebtedness of £0.6 million. At the date of the transaction £4.6 million (€6.8 million) were paid, and the remaining balance, based on net asset value at the date of the acquisition, will be paid during the second semester of 2007.

Due to its acquisition late in the semester and its insignificant impact, this entity has not been consolidated as of June 30, 2007. In accordance with IAS 39, the investment in this subsidiary is accounted for at cost and is presented as a long-term investment on the balance sheet.

4.3 | Assets and liabilities acquired during the period

The assets and liabilities acquired during the period ended June 30, 2007, stated at their estimated fair value and determined at their acquisition date are as follows, and represent the allocated purchase prices of V−Center, Huazhang, NCA, APPRO 5 and GE Supply's assets in Asia.

(in millions of euros)	
Distribution network ………………………………………………………	0.7
Long-term investments………………………………………………..	0.2
Other non current assets…………………………………………………	0.2
Inventories…………………………………………………………………	7.0
Trade accounts receivable………………………………………………	15.1
Other accounts receivable………………………………………………	2.2
Cash and cash equivalents………………………………………………	2.2
Financial liabilities…………………………………………………………	(2.7)
Trade accounts payable…………………………………………………	(14.5)
Other liabilities……………………………………………………………	(3.5)
Net assets acquired excluding goodwill	**6.9**
Goodwill acquired…………………………………………………………	12.5
Total cash consideration	**19.4**
Cash acquired………………………………………………………………	(2.3)
Outstanding acquisition costs…………………………………………	(3.1)
Acquisition of V-Center in 2006 ………………………………………	(4.2)
Net cash outflow related to acquisitions for the period	**9.8**

During the period, net cash outflows resulting from acquisitions are as follows:

Net cash outflow related to acquisitions for the period	**9.8**
Earn-out payments…………………………………………………....	2.3
GE Supply price adjustment……………………………..……………	7.7
Clearlight acquisition cost…………………….………………………	7.0
Other…………………………………………………………...…………	0.9
Net cash outflow for the period	**27.7**

5. | SEGMENT REPORTING

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

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

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

Geographical segment information for the periods ended June 30, 2007 and June 30, 2006

	Europe		North America		Asia Pacific		Other operations		Consolidated	
(in millions of euros)	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Sales	2,493.8	2,164.6	2,409.0	1,581.6	372.2	296.2	29.8	29.1	5,304.8	4,071.5
Operating income before other income & expenses	184.0	128.1	121.6	92.6	24.6	16.4	(2.2)	(7.5)	328.0	229.6

With the same scope and exchange rates as those applied for the first semester of 2007, sales and operational income before other products and charges for the first semester of 2006 would have amounted to €5,075.5 million and €277.1 million, respectively.

6. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	June 30, 2007	June 30, 2006
Personnel costs (salaries & benefits)	600.0	485.5
Building and occupancy costs	105.0	87.3
Other external costs	233.6	192.4
Depreciation expense	34.1	29.0
Bad debt expense	14.1	18.9
Total distribution and administrative expenses	**986.8**	**813.1**

7. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	June 30, 2007	June 30, 2006
Capital gains	2.4	1.0
Other operating income	-	0.2
Release of provisions	1.6	0.2
Total other income	**4.0**	**1.4**
Restructuring costs	(3.7)	(6.3)
Loss on non-current assets disposed of	(0.2)	(2.3)
Costs related to transactions following the IPO	(25.5)	-
Goodwill impairment	(4.0)	-
Other operating expenses	(1.8)	-
Total other expenses	**(35.2)**	**(8.6)**

7.1 | Other income

Capital gains

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

For the period ended June 30, 2006, capital gains mainly included gain on disposals of buildings in the United Kingdom and Belgium.

Release of provisions

For the period ended June 30, 2007, release of provisions includes reversal of unused provisions for litigation.

7.2 | Other expenses

Restructuring costs

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

For the period ended June 30, 2006, restructuring costs were mainly incurred in France (merger of the five regional divisions), Germany (closing of a logistic centre), and Switzerland (merger of the Swiss operating companies).

Loss on non current assets disposed of

For the period ended June 30, 2006, loss on assets disposed of were related to buildings in France and the depreciation of technological assets.

Costs related to transactions following the IPO

On June 30, 2007, the impacts of the employee offering and the free share scheme amounted to €7.8 million and €17.7 million respectively (see notes 2 and 12).

Goodwill impairment

In the first semester of 2007, goodwill impairment amounted to €4.0 million and concerned the investment in the company Kontakt Systeme in Switzerland. In connection with the disposal of the connectic business of Kontakt Systeme on June 4, 2007, and the sale in progress of the remaining assets of this company, the carrying value was brought to its estimated fair value less cost to sell, resulting in an additional impairment of €4.0 million (see note 10 – assets classified as held for sale).

Other operating expenses

On June 30, 2007, other costs consist primarily of a £1 million (€1.5 million) charge related to the resolution of a litigation in the United Kingdom (see note 16 – “Litigations”).

8. | FINANCIAL EXPENSES (NET)

(in millions of euros)	**June 30, 2007**	**June 30, 2006**
Expected return on employee benefit plan assets …………………	10.4	10.5
Other financial income ………………………………………..	11.6	4.8
Financial income	**22.0**	**15.3**
Interest expense on shareholders' loan ……………………………	(13.0)	(20.3)
Interest expense on senior debt……………………………………	(46.1)	(35.5)
Interest expense on Senior Subordinated Notes ………………….	(17.8)	(28.6)
Interest expense on securitisation …………………………………	(25.3)	(15.1)
Interest expense on other financing ……………………………….	(1.9)	(2.0)
Interest expense on finance leases ……………………………….	(2.1)	(2.8)
Amortisation of transaction costs …………………….…………	(3.4)	(6.0)
Change in fair value of interest rate and foreign exchange derivatives …………………………………..…..….…	-	1.7
Gain (loss) on hedging (interest rate) …………………...…………	5.8	(2.0)
Foreign exchange gain (loss) on financial liabilities ……………….	(5.2)	(1.2)
Interest expense on borrowings	**(109.0)**	**(111.8)**
Write-down of transaction costs………………………………	(74.5)	**-**
Premium for early redemption of the Senior Subordinated Notes……………………..………………………………..	(89.6)	**-**
Refinancing costs	**(164.1)**	**-**
Interest cost of employee benefit obligation and other long-term liabilities (discounting effect)………………………………….	(10.8)	(10.3)
Change in fair value of commodity derivatives …………………….	(0.4)	(4.6)
Financial expenses (other) ……………………...…………………	(0.9)	(0.9)
Other financial expenses	**(12.1)**	**(15.8)**
Financial expenses (net)	**(263.2)**	**(112.3)**

Gain and loss on exchange of financial debt

The foreign currency exchange losses mainly arise from the repayment of loans granted to subsidiaries in the United States and in Switzerland, which were initially qualified as net investments in foreign operations, for an amount of €5.5 million.

9. | INCOME TAX

Income tax for an interim period is computed based on the expected year-end tax rate, i.e. by applying the average estimated annual tax rate to the income before taxes of the interim period.

The effective tax rate for the semester ended June 30, 2007 was 43.5%, compared with 30.5% for the semester ended June 30, 2006. This evolution resulted from (i) the non-recurring effect of tax losses used in 2006 and incurred subsequently to the acquisition of Rexel Distribution by Ray Acquisition S.C.A. in 2005, which were not recognised at that time, and by (ii) the non-deductible costs related to the free shares scheme, recognised during the fiscal year 2007, and described in note 12.

10. | ASSETS CLASSIFIED AS HELD FOR SALE

On March 8, 2007, the Group closed the sale of land and buildings belonging to Elektro-Material A.G., a Swiss subsidiary acquired in February of 2006, for an amount of CHF74.8 million (€46.3 million). As these assets were stated at fair value as of December 31, 2006, no gain and loss on the disposal was recognised during the period.

On June 4, 2007, assets related to the connectic business of Kontakt Systeme, operating in Germany and Switzerland, were sold for an amount of CHF5.8 million before tax (€3.2 million net of selling costs). The Group granted to the acquirer a guarantee limited to a maximum amount of CHF1.5 million and expiring in December 2008 except for social and tax claims, which are limited to the legally required time.

Based on fair value estimates of the remaining assets of Kontakt Systeme, an additional goodwill impairment of €4.0 million was accounted for on the Group's income statement for the first semester of 2007 on the line "Other expenses". These remaining assets are presented as of June 30, 2007 in line "assets held for sale" in the balance sheet for an amount of €1.6 million.

11. | SHARE CAPITAL AND ISSUANCE PREMIUM

Since January 1, 2007, the Group has registered the following movements in shareholders' equity following the issuance of ordinary shares:

	Number of Shares	Share capital	Issuance premium
		(in millions of euro)	
On January 1, 2007	**63,045,774**	**630.5**	**1.7**
Exercise of share subscription rights	1,518,854	15.2	-
Merger of Rexdir and Rexop	2,085,259	20.9	47.9
Reduction in capital from the cancellation of treasury shares	(2,085,259)	(20.9)	(47.9)
Splitting of the share par value and doubling of the number of shares	129,129,256	-	-
Increase in capital by payment of receivables	63,813,323	319.1	733.8
Increase in capital as a result of the Initial Public Offering (IPO)	60,606,060	303.0	654.2
Increase in capital as a result of the offer reserved for employees	2,445,188	12.2	20.4
On June 30, 2007	**255,993,827**	**1,280.0**	**1,410.1**

Exercise of the share subscription rights

On June 30, 2005, Rexdir, a special purpose entity designed to gather the investment of several top executives of the Group, was authorized to subscribe 304,404 shares with share subscription rights (*actions à bons de souscriptions d'actions*, hereinafter referred to as "ABSAs") at a price of €15.44 per ABSA, or €10 per share and €0.272 per subscription right (*bon de souscription d'actions*, hereinafter referred to as "BSA"). Each share consists of 20 BSAs exercisable under certain conditions, giving the right to subscribe one share for a price of €10 per BSA. During the Management Board meeting of April 4, 2007, the Chairman authorized the exercise of the BSAs by Rexdir and the issuance of 1,518,854 new shares at a par value of €10.

Merger of the companies Rexdir and Rexop

In order to streamline Rexel's structure of capital before its IPO, the Shareholders' Meeting of April 4, 2007 approved the merger of the companies Rexdir and Rexop, two special purpose entities created to manage the shares issued in the free share plan for top executives (Rexdir) and the broader free share plan for Group executives and managers (Rexop). The ratio of exchange between Rexel shares and those of the companies being absorbed has been determined to be 0.8948 Rexel shares for each Rexdir share and 0.09938 Rexel shares for each Rexop share. The net value of the assets contributed by the two companies was €60.2 million for Rexdir and €8.6 million for Rexop, leading to the creation of 1,823,258 and 262,001 shares respectively, each worth €10. That translated into a capital increase of €20.9 million, with the remainder being regarded as a merger premium worth €47.9 million.

Reduction in capital from the cancellation of treasury shares resulting from the merger of Rexdir and Rexop

The net assets contributed by the companies Rexdir and Rexop were composed solely of 2,085,259 shares of Rexel, which were cancelled, resulting in a capital decrease of €20.9 million. Taking into account the value of the shares in Rexel retained for the merger, the difference between the value of the contribution of the cancelled shares and their face value, €47.9 million, was deducted from the merger premium.

At the conclusion of this operation, the Shareholders' Meeting of April 4, 2007 certified that the share capital was not subjected to any modification and there was no merger premium.

Splitting of the share par value and doubling of the number of shares

After the Company's Management Board had acknowledged, on April 4, 2007, that the requisite that Rexel shares be admitted in the Eurolist stock exchange was met, the face value of a share was divided by two, from €10 to €5, and the number of shares was consequently doubled.

Increase in capital by capitalisation of shareholders' loan

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board executed an issuance of 63,813,323 shares by capitalisation of a loan to Ray Investment S.à.r.l. for an amount of €1,052.9 million, interest included. The value of the shares is identical to those held for the new shares issued in Rexel's IPO, more specifically, €16.5 divided between the face value of €5.0 and the issuance premium of €11.5 per share (See note 14.1.1).

Increase in capital as a result of the IPO

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board decided to issue 60,606,060 shares on April 11, 2007, in the form of an increase in capital with the cancellation of preferential subscription rights through an IPO. The value of the shares was fixed at €16.5, reflecting an issuance premium of €11.5. The fees stemming from this increase in capital are deducted from the issuance premium for an amount of €42.8 million (before tax).

Increase in capital as a result of the employee offering

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board decided on April 18, 2007 in favor of two capital increases with the cancellation of preferential subscription rights:

- to members of the Rexel Group Saving Plan (PEG) and the Rexel Group International Savings Plan (PEGI), for an amount of €19.3 million, with the issue of 1,436,874 new shares;
- to BNP Paribas Arbitrage SNC, for an amount of €13.3 million, representing 1,008,314 new shares, in order to cover its engagement in Share Appreciation Rights (SARs) issued to certain employees (see note 12.1).

Treasury shares

The Shareholders' Meeting of February 13, 2007 authorized the Company's Management Board, subject to authorization from the Company's Supervisory Board, with subdelegatation power, to buy shares of the company amounting to a maximum of 10% of the share capital. This programme has a duration of 18 months from the date of the Shareholders'Meeting (ending August 13, 2008).

The objectives of this programme in order of priority are as follows:

- to ensure the liquidity and foster the stock market by having an intermediary investment services provider acting independently, under a liquidity agreement compliant with the code of ethics recognised by the AMF;
- to implement share purchase option plans of the company, in accordance with the provisions of Article L. 225-177 and following of the French Code of Commerce, any attribution of free shares within the framework of any savings plan undertaken in accordance with the provisions of articles L. 443-1 and following of the French Code of Labor, any attribution of free shares in accordance with the provisions of articles L. 255-197-1 and following of the French Code of Commerce, any attribution of shares in the context of profit sharing and the operations to hedge these schemes, under the conditions foreseen by the market authorities or at the time the Management Board or the individual acting on behalf of the Management Board will act;
- to conserve and to provide shares in exchanges or payments concerning external growth, with a limit of 5% of the company's share capital ;
- to provide shares in the occasion of rights attached to securities giving access to capital being exercised, immediate or long term ;
- to cancel all or part of the shares repurchased, subject to the nineteenth decision of the Shareholders' Meeting on February 13, 2007.

and any other objective compliant with regulation in force.

With this share repurchase programme, in April 2007, the Group entered into a contract with the Rothschild bank to promote the liquidity of Rexel shares for a total amount of €6.0 million. This amount may be adjusted either up or down as required to ensure the effectiveness of the contract.

On June 30, 2007, Rexel held 172,000 treasury shares acquired at an average price of €16.36 per share, recorded as a reduction in shareholders' equity.

12.| SHARE-BASED PAYMENTS

12.1|Employee offering

In the context of an increase in capital reserved for certain employees, Rexel has implemented Group Savings Plans (Plan d'Epargne Groupe Rexel or "PEG"), of which French and affiliated foreign companies can become members.

The subscription is carried out either directly or via *fonds commun de placement d'entreprise* (collective employee shareholding vehicle or "FCPE") depending on the country and subscription formula.

Two subscription formulas are proposed to employees:

- a "classic" formula in which the subscriber benefits from a discount to the Retail Offering Price in compensation for a 5-year lock-up period and
- a "leverage" formula in which the subscriber benefits from the guarantee of receiving at expiration of the term of the legal 5-year lock-up period and before taking into account possible tax and social security withholdings, the amount of his or her personal contribution and a multiple of the possible average increase in the price of the Share between the Retail Offering Price and an average of the Share price over the last 24 months of the 5-year lock-up period.

The price of the offering reserved for employees was set at the Management Board meeting of April 4, 2007 on the base of 80% of the Retail Offering Price (€16.5), so €13.2, except for in the following countries:

- in the United States, 85% of the Retail Offering Price, specifically €14.03;
- in Germany, under the "Rexel Germany Levier 2012" formula, 100% of the Retail Offering Price, it being specified that Company BSAs are allocated to German beneficiaries who decide to subscribe to this formula.

In Australia, the United States, Italy, New Zealand, Portugal and Sweden, SARs have been granted by the local employers to the beneficiaries. The SARs are comprised of a determined number of call options to buy Rexel shares with a strike price equal to the IPO price and one put option with a strike price equal to that of the employee offering, so 80% of Retail Offering Price (85% in the U.S.). These companies also entered into hedging agreements to cover the SARs with BNP Paribas, which was the underwriter of the operation, and which subscribed to an increase in capital which was reserved for it by the decision of the Management Board on April 18, 2007.

Benefits granted to employees resulted in an expense of €7.8 million before tax with a counterparty in equity for €4.5 million and a personnel related debt of €3.3 million, at the date of the transaction on April 18, 2007 (see note 7.2).

SARs are qualified as cash settled instruments which result in the recognition of a personnel related debt. This debt is measured at fair value at the balance sheet date, and is recorded under "other non-current liabilities". As a hedge against possible fluctuations in Rexel share prices, the Group has entered into a hedging contract with BNP Paribas, which is registered as "non current financial assets" for an amount equivalent to that of the SARs. As of June 30, 2007 the fair value of the SARs was €2.3 million.

Changes in value of debt and non current assets are both accounted for on the income statement, resulting in no effect on the net income.

12.2 | Free share scheme

Concurrently with the IPO, Rexel entered into several free share plans for its top executives and key employees amounting to a total of 5,022,190 shares on April 11, 2007. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (April 12, 2009), these being restricted during an additional two year period (April 12, 2011), or four years after the granting date with no restrictions.

The issuance of these free shares is subject to service and performance conditions.

The vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Number of shares
Top executives and managers	One year service condition from the installation of the plan.	2,556,576
Top executives and managers	Performance conditions based on the consolidated 2007 EBITDA.	1,193,055
Key employees	Half of the shares will be attributed based on 2007 EBITDA and the other half based on 2008 EBITDA.	1,272,559

After taking into account assumptions concerning the attrition rate of beneficiaries and achievement of performance conditions, the expense relating to these equity settled plans, amounts to €75.4 million (without tax effect) based on the offering price of €16.50 per share, and is spread over the vesting period.

As of June 30, 2007, a charge of €17.7 million is accounted for on the line "other charges" (see note 7.2) in counterpart under shareholder's equity.

13.| EARNINGS PER SHARE

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

	June 30, 2007	June 30, 2006
Net income attributed to ordinary shareholders (*in millions of euros*)	19.0	76.5
Weighted average number of ordinary shares (*in thousands*)	185,974	126,092
Basic earnings per share (*in euros*)	**0.10**	**0.61**
Net income attributed to ordinary shareholders (*in millions of euros*)	19.0	76.5
Weighted average number of ordinary shares (*in thousands*)	185,974	126,092
Potential dilutive ordinary shares (*in thousands*)	1,781	742
- out of which are share subscription rights (in thousands) .... (1)	-	*711*
- out of which are share options (in thousands) .... (2)	*1,477*	*31*
- out of which are free shares (in thousands) .... (2)	*304*	-
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (*in millions*)	187,754	126,833
Fully diluted earnings per share (*in euros*)	**0.10**	**0.60**

(1) The number of potential diluted shares has been calculated assuming that all conditions to exercise these dilutive instruments were met as of June 30, 2006.

(2) The number of potential diluted shares does not take into account the free shares, so the allocation is subject to future performance.

14.| FINANCIAL LIABILITIES

This note provides information about financial liabilities as of June 30, 2007. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

14.1| Net financial debt

(in millions of euros)	June 30, 2007			December 31, 2006		
	Current	Non-current	Total	Current	Non-current	Total
***Shareholders' loan* [1] …**	*-*	*-*	*-*	*496.9*	*543.0*	*1,039.9*
Senior Subordinated Notes and indexed bonds [2]…	-	53.6	53.6	17.5	652.8	670.3
Senior credit facility…	-	1,298.1	1,298.1	45.3	1,559.1	1,604.4
Securitisation …	-	1,011.8	1,011.8	-	1,007.5	1,007.5
Bank loans …	6.0	5.7	11.7	5.3	5.3	10.6
Bank overdrafts and other credit facilities [3]…	34.7	-	34.7	34.0	-	34.0
Finance lease obligations …	25.5	41.3	66.8	27.7	62.3	90.0
Less transaction costs …	-	(17.2)	(17.2)	-	(82.6)	(82.6)
Carrying amount of liabilities	***66.2***	***2,393.3***	***2,459.5***	***129.8***	***3,204.4***	***3,334.2***
Total financial debt and accrued interest (including shareholders' loan) …			**2,459.5**			**4,374.1**
Cash and cash equivalents…			(719.3)			(473.1)
Net financial debt			**1,740.2**			**3,901.0**

[1] Including accrued interests of €35.8 million and capitalized interests of €42.9 millions as of December 31, 2006

[2] Including accrued interest of €17.5 million as of December 31, 2006

[3] Including accrued interest of €4.5 million as of June 30, 2007 (€2.7 million as of December 31, 2006)

14.1.1| Changes in net financial debt

On June 30, 2007 and 2006, changes in net financial debt are as follows:

(in millions of euros)	2007	2006
At January 1…	**3,901.0**	**3,188.1**
Interest expenses (accrued interests and/or capitalised interests) …	13.0	20.3
Reimbursement of shareholder's loan …	-	(1.9)
Capitalisation of shareholders' loan…	(1,052.9)	-
Net change in shareholders' loan	***(1,039.9)***	***18.4***
Senior Subordinated Notes…	(600.0)	-
Senior Credit Agreement 2005…	(1,604.8)	37.3
Credit Agreement 2007…	1,296.4	-
Other changes…	(18.7)	10.0
Net change in credit facilities…	**(927.1)**	**47.3**
Net change in securitisation…	3.9	141.1
Payment of finance lease liabilities…	(15.5)	(10.7)
Net change in financial liabilities	***(938.7)***	***177.7***
Change in cash and cash equivalents …	(250.5)	143.0
Foreign currency exchange discrepencies …	(6.2)	(55.3)
Change in consolidation scope …	3.1	16.4
Amortisation of transaction costs…	77.9	6.0
Other changes…	(6.5)	0.6
At June 30…	**1,740.2**	**3,494.9**

In the first semester of 2007, changes in net financial debt include the following transactions:

Capitalisation of shareholders' loan

On April 4, 2007, prior to the initial public offering of Rexel, a shareholders' loan granted in 2005 by Ray Investment S.à.r.l. to Rexel were incorporated into the capital and share premium for a total amount of €1,052.9 million (including accrued interest) based on the introduction price.

Reimbursement of the Senior Subordinated Notes of €600 million

On March 16, 2005, Ray Acquisition S.C.A. issued €600.0 million in senior subordinated notes due 2015 (the "Senior Subordinated Notes"), bearing interest annually at 9.375 %.

The outstanding Senior Subordinated Notes have been redeemed in advance on April 16 and April 18, 2007 with funds received through the initial public offering of Rexel and the 2007 Credit Agreement. In accordance with the contractual clause, the Group paid at the redemption date to the holders of the Senior Subordinated Notes a redemption premium for €89.6 million (see note 8 "Refinancing charges").

Refinancing of the 2005 Senior Credit Agreement

In connection with the acquisition of Rexel Distribution, Ray Acquisition S.C.A. entered into a Senior Credit Agreement as of March 16, 2005 for an initial aggregate amount of €2,427 million. It was comprised of five term loan facilities, a revolving credit facility, and a borrowing base facility ("BBF") designed to finance trade receivables.

On April 17, 2007, the six remaining due credit facilities of the 2005 Senior Credit Agreement were entirely reimbursed for an amount of €1.6 billion and refinanced by the drawdown of a facility under the 2007 Senior Credit Agreement for an amount of €1.3 billion.

Transaction costs

The amortisation of transaction costs includes mainly the write-down of the transaction costs corresponding to the Senior Subordinated Notes and the 2005 Senior Credit Agreement for €74.5 million.

Transaction costs relating to the 2007 Credit Agreement are presented in the line "other changes" for an amount of €10.4 million.

In the first semester of 2006, net change in credit facility included draw down of €145.1 million under the facility D of the Senior Credit Agreement (SCA) to finance the acquisition of Capital Light and Supply Company and Elettro Bergamo and repayment under the SCA of (i) the Borrowing Base facility for €57.4 million, cancelled following the implementation of securitisation, (ii) the Revolving Credit Facility for €32.5 million and (iii) Term loan A for €17.9 million.

14.1.2| Description of net financial liablities

2007 Credit Agreement

On February 15, 2007, Rexel, as borrower and guarantor, entered into a five-year and one day €2.1 billion credit agreement (the "2007 Credit Agreement") with BNP Paribas, Calyon, the Royal Bank of Scotland Plc and HSBC France, as Mandated Lead Arrangers and Original Lenders, and Calyon as Agent. The new Credit Agreement serves to refinance the 2005 Senior Credit Agreement. The Group executed this Credit Agreement concurrently with the initial public offering. The 2007 Credit Agreement includes a multi-currency term credit facility in an initial amount of €1.6 billion ("Facility A"), which was reduced to €1.3 billion at the Credit Agreement implementation date and a multi-currency revolving credit facility in an initial amount of €500.0 million ("Facility B").

Facility A may be used to refinance existing loans (principal, interest and premiums) under the 2005 Senior Credit Agreement. It matures five years and one day from the first drawdown and is available for draw-downs until May 31, 2007.

Facility B may be used to finance the general operating requirements of Group companies, in particular working capital requirements, as well as to finance certain acquisitions that meet the criteria set out in the 2007 Credit Agreement. Drawdowns may be made under Facility B up to one month prior to the maturity date of the 2007 Credit Agreement and are repayable at the end of the term of each drawing made by the borrowing companies (one, two, three, or six months).

Under this agreement, Rexel and certain of its subsidiaries (Rexel Distribution, Rexel Inc, Rexel North America Inc, Rexel Electrical Supply & Services Holding and General Supply & Services Inc) are considered as obligors.

Amounts drawn bear interest at a rate determined in reference to (i) the LIBOR rate when funds are made available in currencies other than the euro or the EURIBOR rate when funds are made available in euros; (ii) the cost relating to lending banks' reserve requirements and fee payments; (iii) the applicable margin, which can vary from 0.30% to 1.35%, depending on the adjusted consolidated debt relative to the adjusted consolidated EBITDA (the "Indebtedness Ratio"). At the drawing date, on April 17, 2007, the applicable margin was 0.65%.

The facilities under the 2007 Credit Agreement as of June 30, 2007 are as follows:

Credit Facility (Term Loan)	Borrower	Amount authorized	Balance due as of June 30, 2007	Currency	Balance due as of June 30, 2007
		(in millions of local currency)			*(in millions of euros)*
A	Rexel Distribution	232.0	232.0	EUR	232.0
	Rexel Distribution	1,000.0	1,000.0	SEK	108.1
	Rexel Distribution	180.0	180.0	CHF	108.7
	Rexel Inc.	455.0	455.0	USD	336.9
	Rexel North America Inc	320.0	320.0	CAD	224.6
	Rexel Electrical Supply & Services Holding	53.0	53.0	EUR	53.0
	General Supply & Services Inc	317.0	317.0	USD	234.7
B	Rexel and other obligors	500.0	-	EUR	
TOTAL					**1,298.1**

Covenants

Under the terms of the 2007 Credit Agreement, Rexel must, at each of the dates indicated below, maintain an Indebtedness Ratio below the following levels:

Date	Debt Ratio
June 30, 2007	4.75:1
December 31, 2007	4.75:1
June 30, 2008	4.50:1
December 31, 2008	4.50:1
June 30, 2009	4.50:1
December 31, 2009	4.50:1
June 30, 2010	4.00:1
December 31, 2010	3.75:1
June 30, 2011 and after	3.50:1

As of June 30, 2007, Rexel has respected these conditions.

Pursuant to the 2007 Credit Agreement, Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortisation as set forth in the Group's financial statements and:

- includes adjusted EBITDA over the last twelve months of all the companies acquired during the relevant period, pro rata to the group's participation;
- includes proceeds relating to commodity price derivatives to hedge exposure to the price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under applicable IAS standards;
- excludes non-cash expenses relating to employee profit sharing and any share based payments.

Pursuant to the 2007 Credit Agreement, adjusted consolidated net debt means:

- all financial debt (whether the interest with respect to such debt is payable in cash or in kind) converted on the basis of the relevant average exchange rate against euro over the last twelve months when financial debt is denominated in currencies other than euro.
  - excluding transaction costs,
  - excluding intra-group loans,
  - including all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares,
  - including any other amount raised and accounted for as borrowing under international accounting standards; plus
- accrued interest, including capitalized interest but excluding interest accrued on intra-group loans; minus
- cash and cash equivalents.

Following the 2005 Senior Credit Agreement refinancing, the group cancelled all securities and guarantees provided to secure its obligations under this agreement.

The 2007 Credit Agreement does not include any security and guarantee provision but contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to the 2007 Credit Agreement, as well as certain subsidiaries, to pledge their assets, carry out mergers or restructuring programmes, borrow or lend money, provide guarantees or make certain investments, as well as provisions concerning acquisitions by Group companies. The 2007 Credit Agreement allows partial or total acceleration upon the occurrence of certain events, including the case of a payment default under the 2007 Credit Agreement, failure to comply with the Indebtedness Ratio set forth above, payment defaults or acceleration of other financial debt of certain Group entities (above specified amounts) or other events that are likely to have a material adverse effect of the payment obligations of the borrowers and the guarantors or on their ability to comply with the Indebtedness Ratio as set forth above.

Securitisation programmes

Securitisation programme features are summarised in the table below:

	(in millions of local currency)			*(in millions of euros)*				
Programme	**Currency**	**Commitment**	**Amount drawn on June 30, 2007**	**Amount of receivables pledged on June 30, 2007**	**Outstanding amount on June 30, 2007**	**Outstanding amount on December 31, 2006**	**Maturity date**	**Rate**
Europe-Australia	EUR	600.0	598.4	784.6	598.4	599.0	11/20/2012	1M Euribor + commission
United States	USD	470.0	446.8	565.4	330.8	327.1	03/11/2012	US commercial paper + commission
Canada	CAD	140.0	117.7	153.5	82.6	81.4	12/13/2012	Canadian commercial paper + commission
TOTAL				**1,503.5**	**1,011.8**	**1,007.5**		

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

On June 30, 2007 Rexel satisfied all of these covenants.

14.2 | Repayment schedule

The contractual repayment schedule of financial debt is as follows:

(in millions of euros)	**June 30, 2007**	**December 31, 2006**
Due within		
One year…………………………………………..…	117.0	626.7
Two years…………………………………………	5.2	43.7
Three years………………………………………..	1.6	102.4
Four years…………………………..……………	0.6	*130.0*
Five years……………………..…………………	1,901.9	*145.9*
Thereafter……………………..…………………	433.2	3,325.4
Total financial Debt ………………………………	**2,459.5**	**4,374.1**

14.3 | Currency analysis

Financial debt will be repaid in the following currencies:

(in millions of euros)	**June 30, 2007 before hedging**	**Hedging**	**June 30, 2007 after hedging**	**December 31, 2006**
Euro………………………………	758.3	99.6	857.9	2,939.9
US $………………………………	1,040.9	(121.0)	919.9	906.6
Canadian $………………………	288.9	19.7	308.6	245.6
Australian $………………………	70.5	7.9	78.4	109.1
Pound Sterling……………………	-	63.5	63.5	12.0
Swedish Krona……………………	117.4	(8.7)	108.7	31.0
Other currencies…………………	183.5	(61.0)	122.5	129.9
Total financial debt……………	**2,459.5**	**-**	2,459.5	**4,374.1**

14.4 | Fixed and floating rate analysis

(in millions of euros)	June 30, 2007	December 31, 2006
High Yield Bond (Fixed rate)………………………………..	-	600.0
Fixed rate finance leases……………………………………	66.8	53.8
Other fixed rate……………………………………………….	(12.9)	(61.8)
Fixed rate debt before hedging ……………………………	*53.9*	*592.0*
Variable to fixed rate swaps…………………………………	1,043.2	1,411.3
Interest rate options - Caps…………………………………	344.3	353.1
Sub total fixed or capped rate debt after hedging	**1,441.4**	**2,356.4**
Variable rate debt before hedging………………………….	2,405.6	3,782.1
Variable to fixed rate swaps………………………………..	(1,043.2)	(1,411.3)
Interest rate options - Caps…………………………………	(344.3)	(353.1)
Sub total variable rate debt after hedging	**1,018.1**	**2,017.7**
Total financial debt and accrued interests	**2,459.5**	**4,374.1**

15. | FINANCIAL INSTRUMENTS

15.1 | Interest rate hedging

Following the refinancing transactions concurrently with the completion of the initial public offering, the Group's net debt now consists mostly of floating interest rate loans. In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining around 50% of the net financial debt at fixed interest rates and 15%-20% at capped interest rates.

In accordance with the policy laid down above, the Group has entered into euro-, US dollar-, Canadian dollar-, Australian dollar- and Swedish Krona- denominated interest –rate swap contracts, exchanging floating rates for fixed rates. It has also entered into US dollar- denominated cap contracts. These swaps mature between March 2008 and March 2010. It is the Group's intention to renew any of these swaps in order to match the maturity of the underlying debt. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

In addition, the Group entered into a swap paying fixed rates to hedge risks incurred by the evolution of a specified debt.

Fair value of interest rate derivatives as of June 30, 2007

Fair value hedge derivatives

	Total notional amount	Weighted average fixed rate received	Variable rate paid	Fair value *(in millions of euros)*
Swaps paying variable rate				
Euro	45.7	(1)	3M Euribor - 0.08%	7.9
Total	**45.7**			**7.9**

(1) In connection with the issuance in 1998 of a €45.7 million bonds indexed on the Rexel Distribution share price, Rexel Distribution entered into an equity swap to neutralize the risk incurred by the change in the Rexel Distribution share price. This equity swap is paying three-month EURIBOR minus 0.08% and is receiving, at maturity, the final redemption price of the indexed bonds and qualifies as a fair value hedge.

Changes in fair value of the derivatives designated as hedges to the variability of the fair value of liabilities are recognised in profit or loss. The changes in fair value of the fair value hedge derivatives and of the underlying liabilities are recognised as interest expense on borrowings. The change in fair value of these swaps for the period ended June 30, 2007 was a gain of €0.8 million, matched against a loss resulting from the change in fair value of the related indebtedness.

Cash flow hedge derivatives

Concurrently to the refinancing transactions and in accordance with its interest rate hedging strategy, the Group has unwinded its swaps paying fixed rates and maturing in March 2010, for a notional amount of: €200.0 million, 82.5 million Australian dollars, 152.0 million Canadian dollars (due in March 2008) and 23.5 million British pounds. These swaps were initially qualified as cash flow hedging instruments. When the contracts were terminated, in April 2007, Rexel received a settlement of €7.4 million equal to the fair value of those instruments. This settlement is recognised immediately in financial income when the hedge item is derecognised and is amortised fully by maturity of the financial instrument, i.e. three years for the major part. For the semester ended June 30, 2007, a €1.3 million gain has been recognised on the income statement mainly corresponding to variable rate debt repaid.

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Swaps paying fixed rate					
Euro	50.0	March 2008	1M Euribor	2.77%	0.6
	303.0	March 2010	1M Euribor	3.15%	11.2
US $	68.0	March 2008	3M Libor	4.26%	0.4
	130.0	Dec. 2008	3M Libor	4.95%	0.5
	185.0	Sept. 2009	3M Libor		-
	269.0	March 2010	3M Libor	4.64%	3.4
Canadian $	80.0	March 2008	3M Libor	3.83%	1.1
	112.0	March 2009	3M Libor	4.02%	1.3
Swedish Krona	430.0	March 2010	3M Stibor	3.36%	1.5
Australian $	41.5	March 2010	3M Libor	6.10%	0.4
Total					**20.3**

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Premium paid** *(in millions of euros)*	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Options - Plain vanilla caps						
US $	100.0	March 2009	0.8	3M Libor	5.00%	0.5
US $	365.0	Sept. 2009	1.7	3M Libor	5.50%	0.9
Total						**1.4**

On June 30, 2007, the total notional amount of cash flow hedge swaps and cash flow hedge options were €1,043 million and €344 million, respectively.

The change in the fair value of the cash flow hedge instruments for the period ended June 30, 2007 was recognised in shareholders' equity for an amount of €7.9 million (before tax).

15.2 | Hedging of fluctuations in foreign currency

Due to the Group's nature of business, which is mostly local, entities are rarely exposed to currency risk. Except for limited transactions and with an amount lower than €200,000 each, foreign exchange risks are managed centrally by the Group Treasury Department. Exchange exposure arises from external financing in currency other than the euro and in financing of/by Group entities of/by the Parent company in their local currency. In order to neutralize the exposure to the exchange rate risk, the positions in currencies other than the euro are systematically hedged with term contracts with duration generally between one and three months. The hedge contracts are renewed as necessary while exposure remains.

Recognition of assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities denominated in foreign currencies and for which no hedge accounting is applied are recognised in profit or loss. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as interest expense on borrowings.

For the period ended June 30, 2007, the change in fair value of forward exchange contracts recognised in the income statement as interest expense on borrowings was a gain of €0.2 million. This was fully offset by the foreign exchange loss on the assets and liabilities hedged.

Fair value

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of June 30, 2007 were respectively €100.0 million (€201.0 million forward sales and €101.0 million forward purchases) and €0.6 million.

16. | LITIGATION

Rexel Senate (United Kingdom)

In December 2005, Rexel Senate finalized a draft agreement with Wates Construction Group, pursuant to which Rexel Senate was to become the reference distributor of Water Construction Group. In 2006, disagreement occured with the carrying out of this agreement and Wates Construction Group instituted a pre-action protocol claiming £8.3 million (approximately €12.3 million). On May 24, 2007, Wates Construction Group and Rexel Senate signed a transaction to settle this litigation without recognising responsibility on either party in which Rexel Senate agreed to pay £1.5 million (approximately €2.2 million). A reserve for litigation was provided for an amount of £0.5 million as of December 31, 2006.

17. | RELATED PARTIES

Shareholder loan

Rexel benefited from a shareholders' loan from Ray Investment S.à.r.l., its parent company, and Ray Finance LLP, a subsidiary of the latter, for €9.0 million and €952.2 million respectively, carried at an interest rate of 4.88% for the period ended June 30, 2007 (equal to the annual average of the actual average rate applied by credit institutions on floating rate loans granted to French companies with initial duration of more than two years). The interest charges on this loan amount to €13.0 million. Concurrently with the issue of Rexel shares to the stock market, the loan granted by Ray Finance LLP was transferred to Ray Investment S.à.r.l. and was compensated with the newly issued capital on April 4, 2007 for an amount of €1,052.9 million, interest included, resulting in the creation of 63,813,323 shares with an introduction price of €16.5 per share (see note 11).

Management share subscription agreement

On June 30, 2005, Rexdir, a special purpose entity designed to gather the investment of several managers of the Group in the acquisition of Rexel Distribution S.A. by Ray Acquisition S.C.A., was authorised to subscribe shares with warrants (ABSA) of Rexel. 304,404 ABSA, at the rate of 20 warrants a share, were issued by Rexel and subscribed by Rexdir for €4.7 million, corresponding to the fair value of these instruments. The exercise of the warrants attached to the shares is subject to the achievement of a determined internal rate of return on its investment, at the time of Rexel's IPO.

During the Board meeting on April 4, 2007, the Chairman of the Board certified the exercise of the BSA and the release of 1,518,854 new shares with a nominal price of €10 (note 11).

18.| SEASONALITY

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

19.| SUBSEQUENT EVENTS AS OF JUNE 2007

Acquisition of Boutet SA

On July 1, 2007, the Group acquired the electrical material distribution business of Boutet SA, the leading company in East Belgium in this business with €18 million of sales in 2006 and 50 employees. The transaction amounted to €7.2 million, with €6.8 million being paid at the date of the transaction. The remaining balance corresponding to an adjustment based on the value of net assets will be paid within three months of the transaction.

20.| QUARTERLY INFORMATION

20.1|Consolidated income statement

(in millions of euros)	For the quarter ended June 30, 2007	June 30, 2006
Sales	2,728.6	2,104.7
Cost of goods sold	(2,052.1)	(1,557.1)
Gross profit	**676.5**	**547.6**
Distribution and administrative expenses	(493.7)	(412.7)
Operating income before other income and expenses	**182.8**	**134.9**
Other income	3.2	0.8
Other expenses	(33.1)	(3.8)
Operating income	**152.9**	**131.9**
Financial income	11.6	8.7
Interest expense on borrowings	(33.9)	(55.9)
Refinancing fees	(164.1)	-
Other financial expenses	(6.0)	(7.5)
Financial expenses (net)	*(192.4)*	*(54.7)*
Net Income before income tax	**(39.5)**	**77.2**
Income tax	9.4	(23.6)
Net income	**(30.1)**	**53.6**
Attributable to:		
Equity holders of the parent	(30.3)	53.6
Minority interests	0.2	-
Average number of ordinary shares in cirulation (*in thousands*)	245,198	126,092
Average number of shares used for for the diluted earnings per share calculation (*in thousands*)	245,198	126,871
Earnings per share :		
Basic earnings per share (*in euros*)	(0.12)	0.43
Fully diluted earnings per share (*in euros*)	(0.12)	0.42

20.2 | Consolidated statement of cash flows

(in millions of euros)	For the quarter ended June 30, 2007	June 30, 2006
Cash flows from operating activities		
Operating income	152.9	131.9
Depreciation, amortisation and impairment of assets	21.3	14.6
Employee benefits	(1.0)	1.4
Change in other provisions	(3.1)	(1.6)
Other non-cash operating items	24.3	1.8
Interest paid	(110.9)	(38.5)
Income tax paid	15.8	(19.8)
Operating cash flows before change in working capital requirements	*99.3*	*89.8*
Change in inventories	(57.5)	(21.4)
Change in trade and other receivables	(114.3)	(127.8)
Change in trade and other payables	172.0	125.0
Changes in other working capital items	(11.8)	(20.1)
Change in working capital	*(11.6)*	*(44.3)*
Net cash from operating activities	87.7	45.5
Cash flows from investing activities		
Acquisition of property, plant and equipment	(17.9)	(13.6)
Proceeds from disposal of property, plant and equipment	2.2	0.9
Acquisition of subsidiaries, net of cash acquired	(9.1)	(149.5)
Proceeds from disposal of subsidiaries, net of cash disposed of	3.1	-
Change in long-term investments	0.3	6.6
Net cash from investing activities	(21.4)	(155.6)
Cash flows from financing activities		
Proceeds from the issue of share capital	1,012.8	-
Repurchase of treasury shares	(2.7)	-
Net change in credit facilities and other financial borrowings	(901.8)	134.9
Net change in securitisation	43.6	48.0
Payment of finance lease liabilities	(8.5)	(4.3)
Repayment of shareholders' loan	-	(1.3)
Dividends paid	(0.2)	-
Net cash from financing activities	143.2	177.3
Net increase in cash and cash equivalents	209.5	67.2
Cash and cash equivalents at the beginning of the period	507.5	222.4
Effect of exchange rate changes on cash and cash equivalents	2.3	(2.1)
Cash and cash equivalents at the end of the period	719.3	287.5

20.3 | Segment information

	Europe		North America		Asia Pacific		Other operations		Consolidated	
(in millions of euros)	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Sales………………………………………	1,263.0	1,118.7	1,244.0	814.5	205.7	156.6	15.9	14.9	2,728.6	2,104.7
Operating income before other income & expenses…………………	96.8	70.6	72.1	56.8	14.9	9.6	(1.0)	(2.1)	182.8	134.9

With the same scope and exchange rates as those applied for the second quarter of 2007, sales and operational income before other products and charges for the second quarter of 2006 would have amounted to €2,632.4 million and €166.8 million, respectively.

III. Statutory auditors' review report

Statutory auditor’s review report on the first half-year financial information for 2007

Period from January 1, 2007 to June, 30, 2007

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

To the Shareholders,

In our capacity of statutory auditors and in accordance with the requirements of article L. 232-7 of the French Commercial Law (the Code de Commerce), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of REXEL, for the period January 1 to June 30, 2007,
- the verification of information contained in the half-year management's report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

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

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

In accordance with professional standards applicable in France, we have also verified the information given in the interim half-year financial report commenting the condensed half-year consolidated financial statements subject to our review.

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

Paris-La Défense, August 2nd, 2007

The statutory auditors

French original signed by

KPMG Audit	ERNST & YOUNG Audit	
Hervé Chopin	Jean Bouquot	Pierre Bourgeois

IV. Responsibility for the interim report

Person responsible for the half-year report

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

Responsibility statement

« I hereby certify, to my knowledge, that the condensed consolidated interim financial statements contained in this interim report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities and financial position of the Group at June 30, 2007, and that the present half-year report provides a fair view of informations required by the *Autorité des Marchés Financiers* General Regulations, and in particular Article 222-6 thereof.

Jean-Charles Pauze
Chairman of Management Board of Rexel

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