



Half-year financial report

As of June 30, 2011

REXEL

ELECTRICAL SUPPLIES



Société anonyme with Management and Supervisory Boards
with share capital of €1,343,878,960
Registered office: 189-193, boulevard Malesherbes
75017 Paris
479 973 513 R.C.S. Paris

Half-year financial report as of June 30, 2011

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I. Activity report

This document is a free translation into English of the activity report for the period ended June 30, 2011 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended June 30, 2011, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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

1.1 | Financial position of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group operates in three main geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation was determined on the basis of the Group’s financial reporting structure. The “Other Operations” segment includes:

- The electrical equipment distribution business in Latin America (Brazil and Chile);
- The ACE (Agencies/Consumer Electronics) division acquired as part of the Hagemeyer acquisition ;
- Certain businesses managed at group level;
- Unallocated corporate overhead expenses.

In the first half of 2011, the Group recorded consolidated sales of €6,162.5 million, of which €3,641.4 million were generated in Europe (59% of sales), €1,729.0 million in North America (28% of sales), €603.2 million in the Asia-Pacific region (10% of sales), and €188.9 million for Other Operations (3% of sales).

The Europe zone (59% of Group sales) consists of France (which accounts for approximately 34% of consolidated Group sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America zone (28% of Group sales) consists of the United States and Canada. The United States accounts for approximately 68% of consolidated Group sales in this zone, and Canada approximately 32%.

The Asia-Pacific region (10% of Group sales) consists of Australia, New Zealand, China and India (since January 1, 2011), as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 62% of consolidated Group sales in this region and New Zealand approximately 11%.

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

1.1.2 | Seasonality

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

1.1.3 | Impact of changes in copper prices

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

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

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

1.1.4 | Comparability of the Group's operating results

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Exchange rates may also fluctuate significantly. The number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper prices. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to following adjustments as summarized below.

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

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

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

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

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

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

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

- On a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- On a constant and same number of working days basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales;
- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group’s accounting systems but is an estimate of comparable data in accordance with the principles explained above.

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

<i>(in millions of euros)</i>	Quarter ended June 30		Half-year ended June	
	2011	2010	2011	2010
Operating income before other income and other expenses	169.6	140.8	324.6	245.1
Changes in scope effects		3.6		3.8
Foreign exchange effects		-		3.3
Non-recurring effect related to copper	4.9	(5.0)	(8.1)	(12.8)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.5	7.3	9.2	12.3
Adjusted EBITA on a constant basis	179.1	146.6	325.7	251.6

1.2 | Comparison of financial results at June 30, 2011 and 2010

1.2.1 | Rexel Group's consolidated financial results

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

REPORTED (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	3,157.6	3,047.0	3.6%	6,162.5	5,744.6	7.3%
Gross profit	771.2	744.6	3.6%	1,532.6	1,422.8	7.7%
Distribution and administrative expenses(1)	(597.1)	(596.5)	0.1%	(1,198.8)	(1,165.4)	2.9%
EBITA	174.1	148.1	17.6%	333.8	257.4	29.7%
Amortization(2)	(4.6)	(7.3)	(37.0)%	(9.2)	(12.3)	(24.8)%
Operating income before other income and expenses	169.6	140.8	20.4%	324.6	245.1	32.5%
Other income and expenses	(11.8)	(15.9)	(25.4)%	(15.8)	(31.1)	(49.1)%
Operating income	157.7	124.9	26.2%	308.8	214.0	44.3%
Financial expenses	(53.1)	(52.8)	0.5%	(94.7)	(103.5)	(8.6)%
Share of income from associates	1.0	1.5	(34.1)%	0.1	0.4	(72.3)%
Income taxes	(18.4)	(10.5)	76.2%	(40.5)	(18.5)	> 100%
Net income	87.2	63.1	38.3%	173.7	92.4	87.9%
<i>as a % of sales</i>	2.8%	2.1%		2.8%	1.6%	
(1) Of which depreciation	(18.5)	(19.0)	(2.8)%	(36.9)	(38.0)	(3.0)%
(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.						

CONSTANT BASIS ADJUSTED FINANCIAL DATA (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	3,157.6	3,005.5	5.1%	6,162.5	5,783.9	6.5%
<i>Same number of working days</i>			5.1%			6.1%
Gross profit	775.9	735.2	5.5%	1,522.8	1,427.1	6.7%
<i>as a % of sales</i>	24.6%	24.5%		24.7%	24.7%	
Distribution and administrative expenses	(596.8)	(588.6)	1.4%	(1,197.1)	(1,175.4)	1.8%
<i>as a % of sales</i>	(18.9)%	(19.6)%		(19.4)%	(20.3)%	
EBITA	179.1	146.6	22.2%	325.7	251.6	29.4%
<i>as a % of sales</i>	5.7%	4.9%		5.3%	4.4%	

Sales

In the first half of 2011, Rexel's consolidated sales grew by 7.3% to €6,162.5 million, up 6.1% on a constant and same number of working days basis.

The effect of acquisitions, net of disposals, amounted to €25.4 million and resulted from :

- Acquisitions amounting to €87.6 million, including Nortel Suprimentos Industriais in Brazil and Yantra Automation Private Ltd in India, acquired during the first quarter of 2011, as well as Grossauer in Switzerland and Luckywell in China, acquired in December 2010. These entities have been consolidated since January 1, 2011;
- Disposals amounting to €62.2 million, related to HLC Asia and Haagtechno that were deconsolidated in the first and the second quarters of 2010, respectively.

The net effect of changes in foreign exchange rates was positive, up €13.9 million, mainly due to the strengthening of the Australian dollar, the Swiss franc, and the Swedish krona, partially offset by the depreciation of the American dollar against the euro.

The effect of higher copper-based cable prices compared to 2010 accounted for an estimated 2.6 percentage points of the Group's 6.1% sales growth on a constant and same number of working days basis.

	Q1	Q2	S1
Growth on a constant basis and same number of working days	7.3%	5.1%	6.1%
Number of working days effect	0.9%	(0.0)%	0.4%
<i>Organic growth</i>	(a) 8.2%	5.1%	6.5%
Changes in scope effect	0.1%	0.8%	0.4%
Foreign exchange effect	2.9%	(2.1)%	0.2%
<i>Total scope and currency effects</i>	(b) 3.0%	(1.4)%	0.7%
Effective growth (a) x (b) (1)	11.4%	3.6%	7.3%

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

In the second quarter of 2011, Rexel's consolidated sales grew by 3.6% to €3,157.6 million, up 5.1% on a constant and same number of working days basis. The increase in copper-based cable prices compared with the second quarter 2010 accounted for 2.3 percentage points in the 5.1% growth on a constant and same number of working days basis, compared with 3.0 percentage points in the first quarter of 2011.

Gross profit

In the first half of 2011, gross profit amounted to €1,532.6 million, an increase of 7.7% as compared to 2010. On a constant basis, adjusted gross margin remained stable at 24.7% of sales. In the second quarter of 2011, adjusted gross margin increased by 10 basis points from 24.5% to 24.6% on a constant basis.

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses in the first half of 2011 increased by 1.8%, while sales increased by 6.5%. Adjusted personnel costs increased by 2.7% on a constant basis. These costs had decreased by 4.6% on a constant basis, in the first half of 2010, reflecting the headcount reductions implemented in 2009 to adapt to the economic environment. At June 30, 2011, the Group employed a total of 28,344 employees, a decrease of 1.3% compared to June 30, 2010, on a constant basis. Lease and maintenance expenses declined by 3.4% on a constant basis during the first half of 2011, reflecting the effect of branch closures made in 2010. Other adjusted external expenditures increased by 4.4% on a constant basis in line with the increase in sales. Impairment of receivables and credit insurance costs decreased by 10 basis points, from 0.5% to 0.4% of sales.

EBITA

EBITA stood at €333.8 million in the first half of 2011, an increase of 29.7% compared with the first half of 2010, on a reported basis. On a constant basis, adjusted EBITA increased 29.4% and adjusted EBITA margin by 90 basis points from 4.4% in 2010 to 5.3% in 2011. This improvement resulted from higher sales and gross margin along with tighter control over distribution and administrative expenses. In the second quarter of 2011, adjusted EBITA increased by 22.2% and adjusted EBITA margin improved by 80 basis points from 4.9% to 5.7% on a constant basis.

Other income and other expenses

In the first half of 2011, other income and other expenses represented a net expense of €15.8 million, compared with €31.1 million in the first half of 2010, consisting mainly of:

- €9.1 million of restructuring costs related to the completion of the restructuring plans initiated in 2010 in France (€1.3 million), in the UK (€0.8 million),) and in the United States (€0.6 million), and to restructuring plans initiated in 2011 in the Netherlands (€4.7 million), in Finland (€0.5 million), and in Australia (€0.4 million);
- €7.0 million impairment on the assets of Hagemeyer Brands Australia, a company specialized in the retail distribution of electronic products and domestic appliances in Australia, which is scheduled to be disposed during the third quarter of 2011;

- €2.1 million for costs arising from acquisition projects; and
- €2.4 million profit on the disposal of properties.

In the first half of 2010, other income and other expenses had represented a net expense of €31.1 million, consisting mainly of:

- €29.5 million of restructuring costs related to the continuation of the restructuring plans initiated in 2009 to adapt the Group structure to the market conditions, in Europe for €22.6 million and in North America for €6.3 million;
- €4.2 million of goodwill impairment relating to operations in Slovenia;
- €8.6 million loss related to the disposal of H.C.L Asia and Haagtechno BV; and
- €10.7 million of other income comprised of a €3.6 million tax indemnification payment from the PPR Group under an indemnity granted to Rexel in 2005 in connection with the leveraged buy-out, a €1.9 million curtailment gain relating to the pension plan in the Netherlands, €2.4 million of income related to the release of provisions in France, and € 2.8 million of proceeds from building disposals located mainly in Sweden.

Net Financial profit / (loss)

In the first half of 2011, net financial loss stood at €94.7 million compared with €103.5 million for the same period in 2010, with an effective interest rate of 6.9% and 7.1%, respectively. The decrease in the effective interest rate resulted mainly from the decrease in the applicable margin under the Senior Credit Agreement, which is indexed to the Group's leverage ratio. This impact is partly offset by the effect of the partial refinancing of the Senior Credit Facilities by the €500 million Senior Notes issuance in May 2011 at a higher interest rate.

In the second quarter of 2011, the effective interest rate was 7.1% compared to 6.7% in the second quarter of 2010.

Share of profit/(loss) of associates

In the first half of 2011, the share of profit/(loss) of associates was a gain of €0.1 million, related to DPI (US consumer electronics retail distributor). In the second quarter of 2011, the share of profit in DPI was €1 million compared with a €0.9 million loss in the first quarter due to the impact of seasonality on sales.

Tax expense

The effective tax rate was 18.9% in the first half of 2011, as compared to 16.7% in the first half of 2010. In the first half of 2011, this low level was due to the recognition of UK tax losses carried forward indefinitely and incurred in previous periods. In the first half of 2010, the relatively low effective tax rate included the recognition of non-recurring French tax losses incurred in 2009.

Net income

Net income amounted to €173.7 million in the first half of 2011, an increase of 88.1% as compared to €92.4 million in the first half of 2010, and net income amounted to €87.2 million in the second quarter of 2011 compared to €63.1 million in the second quarter of 2010. The increase in net income in the first half of 2011 resulted from the improvement of operating income between the two periods.

1.2.2 | Europe (59% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	1,853.9	1,744.5	6.3%	3,641.4	3,365.3	8.2%
Gross profit	477.0	451.7	5.6%	962.6	883.8	8.9%
Distribution and administrative expenses	(354.5)	(343.1)	3.3%	(715.8)	(687.9)	4.1%
EBITA	122.5	108.6	12.8%	246.8	195.9	26.0%
<i>as a % of sales</i>	6.6%	6.2%		6.8%	5.8%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	1,853.9	1,765.7	5.0%	3,641.4	3,429.2	6.2%
<i>Same number of working days</i>			5.1%			5.6%
Gross profit	481.7	453.3	6.3%	956.7	891.1	7.4%
<i>as a % of sales</i>	26.0%	25.7%		26.3%	26.0%	
Distribution and administrative expenses	(354.2)	(347.2)	2.0%	(714.3)	(700.5)	2.0%
<i>as a % of sales</i>	(19.1)%	(19.7)%		(19.6)%	(20.4)%	
EBITA	127.5	106.1	20.1%	242.5	190.7	27.2%
<i>as a % of sales</i>	6.9%	6.0%		6.7%	5.6%	

In the first half of 2011, **sales** in Europe amounted to €3,641.4 million, an increase of 8.2% from the first half of 2010. Acquisitions, net of disposals, accounted for an increase of €25.4 million, due to the acquisition of Grossauer. Favorable exchange rate variations totaled €38.5 million, primarily due to the appreciation of the Swedish krona and Swiss franc against the euro. On a constant and same number of working days basis, sales improved by 5.6% during the first half of 2011, and by 5.1% during the second quarter of 2011.

In **France**, sales amounted to €1,251.2 million in the first half of 2011, up 7.7% on a constant and same number of working days basis, driven by demand in the three-end markets, and mainly the industrial market. Rexel implemented initiatives that contributed to sales development with large accounts. The Group believes that it gained market share during this period. In the second quarter of 2011, sales increased by 7.7% on a constant and same number of working days basis.

Sales in the **United Kingdom** amounted to €463.6 million in the first half of 2011, an increase of 4.1% on a constant and same number of working days basis. This growth accelerated during the second quarter, with sales higher by 7.2% on a constant and same number of working days basis. Volumes were higher year-on-year as a result of targeted commercial initiatives and projects, in particular for photovoltaic sales. The economic environment remains fragile. The Group believes that it outperformed the market during this period.

In **Germany**, sales amounted to €428.2 million in the first half of 2011, a decrease by 4.1% on a constant and same number of working days basis. Sales were affected by the unfavorable base effect of strong photovoltaic sales in 2010, boosted by tax incentives in force until the end of June 2010. Excluding photovoltaic, sales were up 8.1% due to industrial end-market activity, especially in the chemical industry. In the second quarter of 2011, sales decreased by 7.3% on a constant and same number of working days basis, but grew by 6.3% excluding photovoltaic sales.

In **Scandinavia** sales amounted to €436.2 million in the first half of 2011, a rise of 5.6% on a constant basis and the same number of working days. The Group's business in Finland recorded a 12.6% increase in sales driven by contractors and utilities. In Sweden, sales increased by 4.3% mainly with contractors. Sales in Norway posted a 2.6% increase, representing positive results in all segments and driven mainly by contractors and utilities. In the second quarter of 2011, sales increased by 5.2% on a constant and same number of working days basis.

In the first half of 2011, the Group recorded a 8.9% increase in **gross profit** to €962.6 million, compared with 2010. On a constant basis, adjusted gross margin was 26.3% of sales for the quarter, an improvement of 30 basis points compared with the first half of 2010, mainly due to better purchasing terms. In the second quarter of 2011, adjusted gross margin also improved by 30 basis points on a constant basis.

On a constant basis, adjusted **distribution and administrative expenses** increased by 2.0% for a 6.2% increase in sales. These expenses had fallen by 6.0% during the first half of 2010. Lease and maintenance expenses decreased by 4.6% compared with the first half of 2010 due to the rationalization of the branch network. In the second quarter of 2011, adjusted distribution and administrative expenses increased by 2.0% for a 5.0% increase in sales.

In the first half of 2011, **EBITA** amounted to €246.8 million, a 26.0% increase compared with the first half of 2010. On a constant basis, adjusted EBITA increased by 27.2% while the adjusted EBITA margin increased by 110 basis points to 6.7% of sales. In the second quarter of 2011, adjusted EBITA increased by 20.1% on a constant basis and adjusted EBITA margin increased by 90 basis points to 6.9% of sales.

1.2.3 | North America (28% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	883.2	919.2	(3.9)%	1,729.0	1,665.3	3.8%
Gross profit	188.8	198.8	(5.0)%	369.0	362.7	1.7%
Distribution and administrative expenses	(152.6)	(171.6)	(11.1)%	(306.7)	(321.4)	(4.6)%
EBITA	36.2	27.2	33.1%	62.3	41.3	50.8%
<i>as a % of sales</i>	4.1%	3.0%		3.6%	2.5%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	883.2	835.3	5.7%	1,729.0	1,601.8	7.9%
<i>Same number of working days</i>			5.7%			7.9%
Gross profit	189.6	179.8	5.4%	367.2	346.0	6.1%
<i>as a % of sales</i>	21.5%	21.5%		21.2%	21.6%	
Distribution and administrative expenses	(152.6)	(154.5)	(1.2)%	(306.5)	(307.8)	(0.4)%
<i>as a % of sales</i>	(17.3)%	(18.5)%		(17.7)%	(19.2)%	
EBITA	37.0	25.4	45.8%	60.7	38.2	59.0%
<i>as a % of sales</i>	4.2%	3.0%		3.5%	2.4%	

In the first half of 2011, **sales** in North America amounted to €1,729.0 million, up by 3.8% compared with 2010. The increase takes into account an unfavorable exchange rate translation effect amounting to €63.5 million due to the depreciation of the US dollar against the euro during the period. On a constant and same number of working days basis, sales rose by 7.9% in the first half of 2011 compared with 2010. On constant and same number of working days basis, sales increased by 7.9% in the first half of 2011, and by 5.7% in the second quarter of 2011.

In the **United States**, sales amounted to €1,170.8 million in the first half of 2011, an increase of 5.4% on a constant and same number of working days basis. In an economic environment that continued to be uncertain, growth was driven by the industrial end-market, mainly in the energy and mining segments. Residential and commercial end-markets continued to be weak with some segments showing signs of improvement. Energy efficiency, transportation, infrastructure, education and healthcare initiatives contributed to positive sales evolution. In the second quarter of 2011, sales increased by 4.6% on constant and same number of working days basis.

In **Canada**, sales amounted to €558.3 million in the first half of 2011, up by 13.8% on a constant and same number of working days basis. Sales were strong in the industrial end-market, particularly in mining and oil & gas with high oil prices driving capital investment, as well as telecommunications and renewable energy. The Group believes that it outperformed the market during this period. Demand has remained active and the backlog is higher than the previous year. In the second quarter of 2011, sales increased by 8.4% on constant and same number of working days basis.

In the first half of 2011, **gross profit** amounted to €369 million, an increase of 1.7% as compared to 2010. On a constant basis, adjusted gross margin declined by 40 basis points compared with 2010 to 21.2% of sales in the first half of 2011. This decrease results from a greater emphasis on projects activity and of direct sales. In the second quarter of 2011, the gross margin rate was flat at 21.5% on a constant basis.

On a constant basis, adjusted **distribution and administrative expenses** increased slightly by 0.4% for a 7.9% increase in sales. Adjusted personnel costs increased by 0.3%. The workforce was reduced by 4.6% compared with June 30, 2010, to 7,184 employees at June 30, 2011. Lease expenses decreased by 3.8% and reflected the benefits of the reorganization of the branch network in 2010. In the second quarter of 2011, adjusted distribution and administrative expenses decreased by 1.2% on a constant basis compared to a 5.7% increase in sales.

EBITA in the first half of 2011 climbed to €62.3 million, an increase of 50.8% compared with 2010. On a constant basis, adjusted EBITA rose 59.0% and the adjusted EBITA margin increased by 110 basis points to 3.5% of sales. In the second quarter of 2011, adjusted EBITA increased by 45.8% on a constant basis and adjusted EBITA margin increased by 120 basis points to 4.2% of sales.

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

REPORTED (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	319.1	287.4	11.0%	603.2	523.1	15.3%
Gross profit	69.4	61.7	12.4%	133.7	114.1	17.1%
Distribution and administrative expenses	(50.5)	(45.7)	10.5%	(99.3)	(86.0)	15.5%
EBITA	18.9	16.0	18.1%	34.4	28.1	22.3%
as a % of sales	5.9%	5.6%		5.7%	5.4%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	319.1	303.0	5.3%	603.2	566.7	6.4%
Same number of working days			5.3%			6.6%
Gross profit	69.5	65.1	6.8%	132.4	123.4	7.3%
as a % of sales	21.8%	21.5%		21.9%	21.8%	
Distribution and administrative expenses	(50.5)	(48.1)	5.0%	(99.3)	(93.0)	6.7%
as a % of sales	(15.8)%	(15.9)%		(16.5)%	(16.4)%	
EBITA	19.0	17.0	11.8%	33.1	30.4	8.8%
as a % of sales	6.0%	5.6%		5.5%	5.4%	

In the first half of 2011, **sales** in the Asia-Pacific region amounted to €603.2 million, an increase of 15.3%. The acquisitions of Luckywell and Yantra contributed €13.1 million, with a further €30.5 million from favorable exchange rate effects, primarily due to the appreciation of the Australian dollar against the euro. On a constant and same number of working days basis, sales increased by 6.6% in the first half of 2011, and by 5.3% in the second quarter.

Australia recorded a 4.4% increase in sales to €376.9 million, as compared with 2010, on a constant and same number of working days basis, and 1.8% for the second quarter, slowing down as the favorable impact of the government sponsored construction programs started in 2010 diminished and as interest rate increases weighted on economic growth.

New Zealand recorded sales of €66.7 million during the first half of 2011, a decrease of 0.2% on a constant and same number of working days basis, as compared with 2010, with sales affected by the Christchurch earthquakes in February and April. In the second quarter of 2011, sales increased by 1.2% on constant and same number of working days basis.

In **Asia** (China, India and South-East Asia), sales amounted to €159.7 million in the first half of 2011, up by 15.9% as compared with 2010, on a constant and same number of working days basis. Rexel posted a strong performance in the industrial automation segment. In the second quarter of 2011, sales increased by 16.1% on constant and same number of working days basis.

In the first half of 2011, **gross profit** increased by 17.1% to €133.7 million. On a constant basis the adjusted gross margin was 21.9%, increasing by 10 basis points. In the second quarter of 2011, adjusted gross margin improved by 30 basis points from 21.5% to 21.8% on a constant basis, mainly due to the optimization of purchase conditions.

On a constant basis, adjusted **distribution and administrative expenses** increased by 6.7% compared with 2010, while sales increased by 6.4%. Adjusted personnel costs increased by 6.9%, mainly due to an increased workforce in China. In the second quarter of 2011, adjusted distribution and administrative expenses increased by 5.0% on a constant basis compared to a 5.3% increase in sales

EBITA amounted to €34.4 in the first half of 2011, up 22.3% compared with 2010. On a constant basis, adjusted EBITA increased by 8.8% from 5.4% of sales in 2010 to 5.5% during the first half of 2011. In the second quarter of 2011, adjusted EBITA increased by 11.8% on a constant basis and adjusted EBITA margin increased by 40 basis points to 6.0% of sales.

1.2.5 | Other operations (3% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	101.4	95.9	5.7%	188.9	190.9	(1.0)%
Gross profit	36.0	32.4	11.3%	67.3	62.1	8.3%
Distribution and administrative expenses	(39.5)	(36.3)	9.0%	(77.0)	(70.1)	9.9%
EBITA	(3.5)	(3.9)	(10.0)%	(9.7)	(8.0)	22.0%
as a % of sales	(3.5)%	(4.1)%		(5.2)%	(4.2)%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change in %	2011	2010	Change in %
Sales	101.4	101.5	(0.1)%	188.9	186.2	1.4%
Same number of working days			(1.6)%			0.2%
Gross profit	35.2	37.0	(4.9)%	66.4	66.6	(0.2)%
as a % of sales	34.7%	36.4%		35.2%	35.8%	
Distribution and administrative expenses	(39.5)	(38.9)	1.6%	(77.0)	(74.2)	3.9%
as a % of sales	(39.0)%	(38.3)%		(40.8)%	(39.8)%	
EBITA	(4.4)	(1.9)	>100%	(10.6)	(7.6)	39.1%
asa % of sales	(4.3)%	(1.9)%		(5.6)%	(4.1)%	

In the first half of 2011, **sales** of other operations decreased by 1.0% compared with 2010 to €188.9 million. The decrease resulted mainly from the €13.1 million negative impact on sales of disposals net of acquisitions, consisting of:

- €62.2 million decrease related to the disposal of Haagtechno and HCL Asia; and
- €49.1 million increase related to the acquisition of Nortel in Brazil.

The positive effect of exchange rate differences was €8.4 million.

On constant and same number of working days basis, sales were therefore flat (at 0.2%).

In **Latin America** (2% of group sales), sales amounted to €109.5 million. On a constant and same number of working days basis, they were up 24.0% due to the strong performance in Brazil (increase of 15.7%, driven by large accounts), and Chile (increase of 34.9%, driven by mining projects). In the second quarter of 2011, sales increased by 18.0% on constant and same number of working days basis.

Agencies/Consumer Electronics (1% of group sales), posted a decline in sales of 28.1% on a constant and same number of working days basis compared with 2010, mainly due to the disposal of the SMEG-brand household appliances business in January 2011. In the second quarter of 2011, sales decreased by 26.7% on constant and same number of working days basis.

On a constant basis, the decrease in **EBITA** was due to the lower performance of Agencies / Consumer Electronics activity and other operations, partially compensated by the contribution of Latin America.

1.3 | Outlook

Thanks to its solid performance since the beginning of the year, Rexel confirms its full-year objectives:

- improvement of EBITA margin by at least 50 basis points in 2011,
- free cash flow before interest and tax above €500 million,

and its three medium-term strategic priorities:

- strengthen its market position through organic growth and acquisitions,
- enhance its profitability and optimize capital employed to achieve its 2013 targets of an EBITA margin close to 6.5% and a return on capital employed close to 14%,
- generate solid free cash flow.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow at June 30, 2011 and 2010

The following table sets out Rexel's cash flow for the second quarters and half-years ended June 30, 2011 and 2010.

(in millions of euros)	Quarter ended June 30			Half-year ended June 30		
	2011	2010	Change	2011	2010	Change
Operating cash flow ⁽¹⁾	178.8	145.0	33.8	341.9	220.8	121.1
Interest (a)	(38.2)	(34.1)	(4.1)	(71.4)	(78.7)	7.3
Taxes (a)	(24.0)	(18.9)	(5.1)	(47.5)	(27.9)	(19.6)
Change in working capital requirements	(36.2)	18.3	(54.5)	(237.4)	(20.4)	(217.0)
Net cash flow from operating activities (b)	80.4	110.3	(29.9)	(14.4)	93.8	(108.2)
Net cash flow from investing activities	(25.8)	3.0	(28.8)	(82.2)	(6.2)	(76.0)
Including operating capital expenditures ⁽²⁾ (c)	(19.9)	(7.0)	(12.9)	(27.0)	(17.5)	(9.5)
Net cash flow from financing activities	(84.8)	(132.6)	47.8	(13.7)	(167.3)	153.6
Net cash flow	(30.2)	(19.3)	(10.9)	(110.3)	(79.7)	(30.6)
Free cash flow						
Free cash flow:						
- before interest and taxes (b) – (a) + (c)	122.7	156.3	(33.6)	77.5	182.9	(105.4)
- after interest and taxes (b) + (c)	60.5	103.3	(42.8)	(41.4)	76.3	(117.7)
WCR as a % of sales ⁽³⁾ at:				June 30, 2011	June 30, 2010	
Reported financial data				11.4%	10.8%	
Financial data on a constant basis				12.1%	11.4%	
<small>(1) Before interest, taxes and change in working capital requirements.</small>						
<small>(2) Net of disposals.</small>						
<small>(3) Working capital requirements, end of period, divided by prior 12-month sales.</small>						

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an outflow of €14.4 million in the first half of 2011 compared to a €93.8 million inflow in the first half of 2010. In the second quarter of 2011, the net cash flow from operating activities was an inflow of €80.4 million compared to an inflow of €110.3 million for the second quarter of 2010.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €220.8 million in the first half of 2010 to €341.9 million in the first half of 2011. This increase was mainly due to the growth of EBITDA of €75.3 million from €295.4 million to €370.7 million. Moreover, operating cash flow at June 30, 2010 was affected by a non-recurring charge (settlement of the Ceteco claim), of €29.8 million.

Interest and taxes

Interest paid in the first half of 2011 totaled €71.4 million compared with €78.7 million in the same period in 2010, mainly due to the lower cost of financing between the two periods.

In the first half of 2011, €47.5 million was paid in income tax compared to €27.9 million paid in the first half of 2010, amounting to a €19.6 million increase mainly arising from higher taxable income.

Change in working capital requirements

Changes in working capital requirements amounted to a net outflow of €237.4 million in the first half of 2011 compared with €20.4 million in the same period of 2010. The increase in working capital requirements mainly resulted from the growth in sales.

As a percentage of sales over the prior 12 months, working capital requirements amounted to 11.4% at June 30, 2011, on a reported basis, compared with 10.8% at June 30, 2010, mainly taking into account the accelerated growth of sales over the last three months of each period.

2.1.2 | Cash flow from investing activities

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 €82.2 million outflow in the first half of 2011 compared with an outflow of €6.2 million in the first half of 2010.

<i>(in millions of euros)</i>	Quarter ended June 30		Half-year ended June 30	
	2011	2010	2011	2010
Acquisitions of operating fixed assets	(26.0)	(12.6)	(44.4)	(21.5)
Gain/(loss) on disposal of operating fixed assets	6.2	4.6	19.2	6.0
Net change in debts and receivables on fixed assets	(0.1)	1.0	(1.8)	(2.0)
Net cash flow from operating investing activities	(19.9)	(7.0)	(27.0)	(17.5)
Acquisitions of financial fixed assets	(5.9)	(0.1)	(54.2)	(0.9)
Gain/(loss) on disposal of financial fixed assets	-	10.2	-	12.9
Dividends received from equity associates	-	-	0.3	-
Net cash flow from financial investing activities	(5.9)	10.1	(53.9)	12.0
Net change in long-term investments	-	(0.1)	(1.3)	(0.7)
Net cash flow from investing activities	(25.8)	3.0	(82.2)	(6.2)

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €27.0 million in the first half of 2011, compared with a €17.5 million outflow in the first half of 2010.

In the first half of 2011, gross capital expenditures amounted to €44.4 million, i.e. 0.7% of sales for the period, of which €16.9 million related to IT systems, €19.5 million to the acquisition of branches previously rented and the renovation of existing branches, €5.9 million to logistics and €2.1 million to other investments. Disposals of fixed assets in the first half of 2011 amounted to €19.2 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €1.8 million, accounting for an increase in net capital expenditures for the period.

In the first half of 2010, gross capital expenditures amounted to €21.5 million, i.e. 0.4% of the sales of the period, of which €9.2 million related to IT systems, €6.9 million to the renovation of existing branches and the opening of new branches, €3.4 million to logistics and €2.0 million to other investments. Disposals of fixed assets in the first half of 2010 amounted to €6.0 million and mainly related to the disposal of buildings in Sweden, Latvia and Italy. Net changes in the related payables and receivables amounted to €2.0 million, accounting for an increase in the net capital expenditures of the period.

Financial investments

With respect to Rexel's net financial investments, there was a net outflow of €53.9 million in the first half of 2011 compared with an inflow of €12.0 million in the first half of 2010.

Financial investments in the first half of 2011 reflected the acquisition prices net of cash of acquired entities. The overall impact on cash flow of these transactions was an outflow of €54.2 million. These investments include Nortel Suprimentos Industriais, Yantra Automation Private Ltd, Wuhan Rockcenter Automation, AD Electronics and Tegro firm as well as the joint venture Beijing Zongheng. Furthermore, the consolidation of Grossauer Elektro Handels as of January 1, 2011 resulted in an inflow related to the company's existing cash at that date.

In the first half of 2010, proceeds with respect to the financial investments reflected the disposal of H.C.L. Asia and the disposal of Haagtechno B.V. for €2.7 million and €10.2 million respectively net of cash of disposed entities.

2.1.3 / Cash flow from financing activities

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

In the first half of 2011, cash flow from financing activities reflected additional net outflows of €13.7 million. These outflows included :

- repayment of drawings under the 2009 Senior Credit Agreement amounting to €539.7 million;
- a decrease in assigned receivables with respect to securitization programs of €49.6 million; and
- a dividend distribution of €105.2 million;

By contrast, inflows included:

- a bond issue in May 2011 of €492.8 million net of transaction costs;
- other variations in credit lines amounting to €88.1 million, primarily consisting of the issue of commercial paper;
- the conclusion of €11.7 million in new leasing transactions;
- capital increases of €88.4 million of which €86.0 million related to the distribution of share dividends; and
- net disposals of treasury shares of €0.2 million.

In the first half of 2010, financing activities accounted for a €167.3 million outflow that included :

- a decrease in assigned receivables with respect to securitization programs of €135.6 million;
- a decrease in Term Loan facilities of €101.0 million;
- a net change in other credit facilities and bank overdrafts of €8.3 million;
- transaction costs paid in connection with the 2009 Group refinancing of €3.0 million; and
- payment of finance lease liabilities of €3.0 million;

while inflows included:

- additional subscription of senior unsecured notes for €75.0 million (€76.7 million including an issuance premium);
- proceeds from the issue of share capital for €6.4 million; and
- disposal of treasury shares for €0.5 million.

2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At June 30, 2011, Rexel's consolidated net debt amounted to €2,363.8 million, and included the following items:

<i>(in millions of euros)</i>	June 30, 2011			December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	1,165.8	1,165.8	-	669.5	669.5
Senior credit facility	-	184.7	184.7	-	761.5	761.5
Securitization	402.1	587.1	989.2	-	1,067.6	1,067.6
Bank loans	29.6	9.4	39.0	6.6	1.9	8.5
Commercial paper	133.8	-	133.8	56.9	-	56.9
Bank overdrafts and other credit facilities	55.2	-	55.2	66.6	-	66.6
Finance lease obligations	6.6	18.1	24.7	5.7	7.2	12.9
Accrued interest (1)	6.5	-	6.5	5.2	-	5.2
Less transaction costs	(19.5)	(41.3)	(60.8)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	614.3	1,923.8	2,538.1	122.0	2,463.5	2,585.5
Cash and cash equivalents			(175.7)			(311.9)
Accrued interest debtor			-			-
Fair value hedge derivatives			1.4			(0.3)
Net financial debt			2,363.8			2,273.3

(1) of which accrued interest on Senior Notes in the amount of €5.6 million at June 30, 2011 (€2.5 million at December 31, 2010)

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

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

Redemption period beginning on:	Redemption price (as a % of principal amount)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100,000%

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

Net financial debt is described in note 13 of Rexel's Condensed Consolidated Interim Financial Statements as of June 30, 2011.

At June 30, 2011, the Group's liquidity amounted to €1,305.4 million.

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

Date	30/06/2011	31/12/2011	30/06/2012	31/12/2012	30/06/2013	31/12/2013	30/06/2014
Commitment	4.50x	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x

The indebtedness ratio, as calculated under the terms of the Senior Credit Agreement, stood at 3.03x at the end of June 2011 (vs. 3.92x at end June 2010), well below the next applicable covenant limit (4.00x at year-end 2011).

<i>(in millions of euros)</i>	June 30, 2011
Net debt at closing currency exchange rates	2,363.8
Net debt at average currency exchange rates (A)	2,381.4
LTM EBITDA ⁽¹⁾ (B)	785.4
Indebtedness ratio (A)/(B)	3.03

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

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended June 30, 2011 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended June 30, 2011, the French version will prevail.

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Consolidated Income Statement

<i>(in millions of euros)</i>	<i>Note</i>	For the period ended June 30,	
		2011	2010
Sales	4	6,162.5	5,744.6
Cost of goods sold		(4,629.9)	(4,321.8)
Gross profit		1,532.6	1,422.8
Distribution and administrative expenses	5	(1,208.0)	(1,177.7)
Operating result before other income and expenses		324.6	245.1
Other income	6	3.8	12.4
Other expenses	6	(19.6)	(43.5)
Operating result		308.8	214.0
Financial income		26.9	24.2
Interest expense on borrowings		(90.5)	(96.4)
Other financial expenses		(31.1)	(31.3)
Net financial loss	7	(94.7)	(103.5)
Share of profit / (loss) of associates		0.1	0.4
Net income before income tax		214.2	110.9
Income tax	8	(40.5)	(18.5)
Net income		173.7	92.4
Portion attributable:			
to the Group		173.3	92.0
to non-controlling interests		0.4	0.4
Earnings per share:			
Basic earnings per share (in euros)	11	0.66	0.35
Fully diluted earnings per share (in euros)	11	0.65	0.35

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

Consolidated Statement of Comprehensive Income

<i>(in millions of euros)</i>	For the period ended June 30,	
	2011	2010
Net income	173.7	92.4
Foreign currency translation	(70.9)	167.4
Income tax	0.1	8.4
	(70.8)	175.8
Gain (Loss) on cash flow hedges	23.1	(0.6)
Income tax	(7.4)	(0.9)
	15.7	(1.5)
<i>Other comprehensive income/(loss) for the period, net of tax</i>	<i>(55.1)</i>	<i>174.3</i>
Total comprehensive income for the period, net of tax	118.6	266.7
Portion attributable:		
to the Group	118.7	264.8
to non-controlling interests	(0.1)	1.9

Consolidated Balance Sheet

<i>(in millions of euros)</i>	Note	As of June 30, 2011	As of December 31, 2010
Assets			
Goodwill		3,946.5	3,931.2
Intangible assets		913.3	934.4
Property, plant and equipment		258.2	245.4
Long-term investments		59.4	132.1
Investments in associates		8.8	9.3
Deferred tax assets		150.4	138.6
Total non-current assets		5,336.6	5,391.0
Inventories		1,206.2	1,203.1
Trade accounts receivable		2,176.2	2,022.0
Current tax assets		29.6	29.7
Other accounts receivable		397.3	406.4
Assets held for sale	9	76.9	23.1
Cash and cash equivalents	13	175.7	311.9
Total current assets		4,061.9	3,996.2
Total assets		9,398.5	9,387.2
Equity			
Share capital	10	1,343.8	1,301.0
Share premium	10	1,420.7	1,383.7
Reserves and retained earnings		1,171.8	1,140.4
Total equity attributable to equity holders of the parent		3,936.3	3,825.1
Non-controlling interests		9.2	9.3
Total equity		3,945.5	3,834.4
Liabilities			
Interest bearing debt (non-current part)	13	1,923.8	2,463.5
Employee benefits		169.7	174.4
Deferred tax liabilities		167.1	144.5
Provision and other non-current liabilities		125.1	156.3
Total non-current liabilities		2,385.7	2,938.7
Interest bearing debt (current part)	13	607.8	116.8
Accrued interest	13	6.5	5.2
Trade accounts payable		1,827.0	1,866.2
Income tax payable		32.8	39.8
Other current liabilities		564.3	584.1
Liabilities related to assets held for sale	9	28.9	2.0
Total current liabilities		3,067.3	2,614.1
Total liabilities		5,453.0	5,552.8
Total equity and liabilities		9,398.5	9,387.2

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

Consolidated Statement of Cash Flows

<i>(in millions of euros)</i>	Note	For the period ended June 30,	
		2011	2010
Cash flows from operating activities			
Operating income		308.8	214.0
Depreciation, amortization and impairment of assets	5 - 6	53.1	54.7
Employee benefits		(5.5)	(5.8)
Change in other provisions		(19.7)	(48.8)
Other non-cash operating items		5.2	6.7
Interest paid		(71.4)	(78.7)
Income tax paid		(47.5)	(27.9)
Operating cash flows before change in working capital requirements		223.0	114.2
Change in inventories		(45.1)	(27.8)
Change in trade receivables		(193.3)	(100.6)
Change in trade payables		(2.1)	95.3
Changes in other working capital items		3.1	12.7
Change in working capital requirements		(237.4)	(20.4)
Net cash from operating activities		(14.4)	93.8
Cash flows from investing activities			
Acquisition of property, plant and equipment		(46.2)	(23.7)
Proceeds from disposal of property, plant and equipment		19.2	6.2
Acquisition of subsidiaries, net of cash acquired		(54.2)	(0.9)
Proceeds from disposal of subsidiaries, net of cash disposed		-	12.9
Change in long-term investments		(1.3)	(0.7)
Dividends received from associates		0.3	-
Net cash from investing activities		(82.2)	(6.2)
Cash flows from financing activities			
Capital increase		88.4	6.4
(Purchase) / Disposal of treasury shares		(0.2)	0.5
Net change in credit facilities and other financial borrowings	13.2	41.3	(35.6)
Net change in securitization	13.2	(49.6)	(135.6)
Net change in finance lease liabilities	13.2	11.6	(3.0)
Dividends paid	10	(105.2)	-
Net cash from financing activities		(13.7)	(167.3)
Net (decrease) / increase in cash and cash equivalents		(110.3)	(79.7)
Cash and cash equivalents at the beginning of the period		311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(25.9)	5.3
Cash and cash equivalents at the end of the period		175.7	285.2

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

Consolidated Statement of Changes in Shareholders' Equity

	<i>(in millions of euros)</i>								
	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	Total attributable to the Group	Non-controlling interests	Total
For the period ended June 30, 2010									
At January 1, 2010	1,291.1	1,392.2	791.4	(39.2)	(29.1)	(2.2)	3,404.2	7.8	3,412.0
Net income	-	-	92.0	-	-	-	92.0	0.4	92.4
Other comprehensive income	-	-	-	174.3	(1.5)	-	172.8	1.5	174.3
Total comprehensive income for the period	-	-	92.0	174.3	(1.5)	-	264.8	1.9	266.7
Exercise of share subscription options	6.4	-	-	-	-	-	6.4	-	6.4
Issuance of shares in connection with free shares plan	0.7	(0.7)	-	-	-	-	-	-	-
Allocation of free shares	-	(7.6)	7.6	-	-	-	-	-	-
Share-based payments	-	-	3.7	-	-	-	3.7	-	3.7
Disposal (Purchase) of treasury shares	-	-	-	-	-	0.2	0.2	-	0.2
At June 30, 2010	1,298.2	1,383.9	894.7	135.1	(30.6)	(2.0)	3,679.3	9.7	3,689.0
For the period ended June 30, 2011									
At January 1, 2011	1,301.0	1,383.7	1,038.6	122.9	(19.3)	(1.8)	3,825.1	9.3	3,834.4
Net income	-	-	173.3	-	-	-	173.3	0.4	173.7
Other comprehensive income	-	-	-	(70.3)	15.7	-	(54.6)	(0.5)	(55.1)
Total comprehensive income for the period	-	-	173.3	(70.3)	15.7	-	118.7	(0.1)	118.6
Dividends paid	-	-	(105.2)	-	-	-	(105.2)	-	(105.2)
Capital increase	28.5	59.9	0.1	-	-	-	88.5	-	88.5
Issuance of shares in connection with free shares plan	14.3	(12.5)	(1.8)	-	-	-	0.0	-	0.0
Allocation of free shares	-	(10.4)	10.4	-	-	-	-	-	-
Share-based payments ⁽¹⁾	-	-	9.6	-	-	-	9.6	-	9.6
Disposal (Purchase) of treasury shares	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
At June 30, 2011	1,343.8	1,420.7	1,125.0	52.6	(3.6)	(2.2)	3,936.3	9.2	3,945.5

⁽¹⁾ of which €6.3 million free shares expense (see note 12) and €3.3 million relating to the tax effect of free shares granted in the United States

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

Accompanying Notes

1. | GENERAL INFORMATION

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

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

These consolidated interim financial statements cover the period from January 1 to June 30, 2011, and were authorized for issue by the Management Board on July 21, 2011.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of Compliance

These condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending June 30, 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as at June 30, 2011. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s financial statements prepared for the financial year closed on December 31, 2010 and included in the Registration Document filed with the Autorité des Marchés Financiers on April 11, 2011 under the number D.11-0272.

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

2.2 | Basis of Preparation

The condensed financial statements as at June 30, 2011 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the condensed consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used at December 31, 2010 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2010, with the exception of the new standards and interpretations disclosed in note 2.3. The new standards and interpretations, which are applicable as from January 1, 2011, detailed below, did not have any significant impact on the Group’s condensed financial statements or the financial position for the period ended June 30, 2011.

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

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

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

- Amendment to IAS 32 "Financial Instruments: Presentation - Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.
- The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.
- IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" addresses the accounting treatment where the terms of a financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such financial liability.
- The amendment to IFRIC Interpretation 14 "Prepayments of a Minimum Funding Requirement" permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset.
- Improvements issued in May 2010 clarify or introduce small changes to several standards and interpretations.

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

During the first half of 2011, IASB issued new standards. Their potential impact is currently under review by the Group:

- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). It requires to present the items that have to be reclassified to profit and loss separately. When items of OCI are presented before tax, tax effect must split on the same basis.
- IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces IAS27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities".
- IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.
- IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

- The amendment to IAS 19 “Employee Benefits”:
 - eliminates the option to defer the recognition of gains and losses, known as the “corridor method”;
 - updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and
 - increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.
- Following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised:
 - IAS 27 "Separate Financial Statements" now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and
 - IAS 28 "Investments in Associates and Joint Ventures" prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

3. | BUSINESS COMBINATIONS

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

- Nortel Suprimentos Industriais, which was acquired on January 19, 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo. The Purchase Agreement stipulates the transfer of 75% of the share capital rights to the Group on the date that control changed over and a firm commitment to purchase the remaining 25% of residual interests in 2013 based on a price determined in the Purchase Agreement. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. Moreover the price paid to the shareholders who are subject to a service condition of attendance, it also includes a payment based on the future performance of the company, booked as an expense over the period of acquisition of the related shares. This entity has been consolidated as of January 1, 2011.
- Yantra Automation Private Ltd, based in Pune, India, is a distributor specialised in Automotive and industrial controls. In 2010, it posted annual sales of approximately €12 million. The Purchase Agreement stipulates the acquisition of 74% of the share capital rights in January 2011 for an amount of IDR388.8 million (€6.8 million) and the acquisition of the rest of the share capital in 2014 at a price related to future operational performance. This entity has been consolidated as of January 1, 2011.
- Wuhan Rockcenter Automation, based in Wuhan, China, posted annual sales of approximately €10 million in 2010. The Group purchased assets and the activity of this company for an initial amount of CNY28.9 million (€3.1 million). The purchase price includes a price adjustment based on future performance. Assets have been consolidated as of January 1, 2011.
- Tegro (Tech. Elektro Großhandels) GmbH, based in Germany, was acquired May 3, 2011. It booked sales of approximately €10 million in 2010. The purchase price of all the shares amounts to €2.5 million. The company has been consolidated as of May 1, 2011.
- AD Electronics, based in India, was acquired May 17, 2011. It is specialised in industrial automotive distribution.
- Assets of Beijing Zongheng, company based in China, were transferred in June 2011 to a joint venture controlled by the Group at 65%. The company posted sales of approximately €34 million in 2010. The Group holds a call exercisable in 2014 for the remaining 35%.

Considering the acquisition date and the lack of significant impact on the Group's financial statement of the Group, AD India Electronics and Beijing Zongheng companies are not consolidated as of June 30, 2011. The acquired shares are classified in non-current financial assets at the transferred consideration of €2 million and €1.3 million respectively.

In addition, in December 2010, the Group acquired two electrical equipment distributors: Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China. The financial results of these companies have been consolidated starting from January 1, 2011.

The table below shows the consideration allocated to identifiable assets and liabilities of the acquired entities, except for AD Electronics and Beijing Zongheng entities, estimated on a provisional basis:

<i>(in millions euros)</i>	
Customer relationship.....	14.6
Other fixed assets.....	16.5
Other non current assets.....	3.0
Current assets.....	72.2
Financial debt.....	(13.9)
Other non current liabilities.....	(7.8)
Current liabilities.....	(32.2)
Net asset acquired (except goodwill acquired).....	52.4
Goodwill acquired.....	92.0
Transferred consideration.....	144.3
Cash acquired	(11.1)
Acquisition related liabilities.....	(11.8)
Net cash paid for the acquisition.....	121.4
Payments in 2010 ⁽¹⁾	(66.8)
Foreign currency translation.....	(3.8)
Net cash flow for the period.....	50.8

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

The amount of fees associated with these acquisitions totaled €4.0 million, of which €2.1 million was incurred for the period ended June 30, 2011. The balance was paid in 2010.

Since January 1, 2011, the contribution of these entities to the Group's sales and operating income amounts to €102.6 million and €5.1 million respectively.

4. | SEGMENT REPORTING

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

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

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific region, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution operations in Brazil and Chile as well as other businesses managed directly at the Group's headquarters.

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

Information by geographic sector for the periods ending June 30, 2011 and 2010

2011 (in millions of euros)	Europe	North America	Asia- Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended June 30							
Sales to external customers.....	3,641.4	1,729.0	603.2	188.9	6,162.5	-	6,162.5
EBITA ⁽¹⁾	246.8	62.3	34.4	8.5	352.0	(18.2)	333.8
Working capital.....	828.6	379.8	151.7	35.2	1,395.3	(12.1)	1,383.2
Goodwill.....	2,679.6	964.9	255.3	46.7	3,946.5	-	3,946.5
2010 (in millions of euros)							
For the period ended June 30							
Sales to external customers.....	3,365.3	1,665.3	523.1	190.9	5,744.6	-	5,744.6
EBITA ⁽¹⁾	195.9	41.3	28.1	4.7	270.0	(12.6)	257.4
For the period ended December 31							
Working capital.....	679.7	348.5	133.9	44.1	1,206.2	(11.3)	1,194.9
Goodwill.....	2,644.9	1,028.0	249.0	9.3	3,931.2	-	3,931.2

(1) EBITA is defined as total operating income before other income and expenses and amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.

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

(in millions of euros)	For the period ended June 30,	
	2011	2010
EBITA - Total Group.....	333.8	257.4
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities..	(9.2)	(12.3)
Other income and other expenses.....	(15.8)	(31.1)
Net financial expenses.....	(94.7)	(103.5)
Share of profit/(losses) of associates.....	0.1	0.4
Group consolidated income before income tax.....	214.2	110.9

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

<i>(in millions of euros)</i>	As of June 30	As of December 31
	2011	2010
Working capital.....	1,383.2	1,194.9
Goodwill.....	3,946.5	3,931.2
Total allocated assets & liabilities	5,329.7	5,126.1
Liabilities included in allocated working capital.....	2,382.2	2,434.9
Other non-current assets.....	1,239.7	1,321.2
Deferred tax assets.....	150.4	138.6
Income tax receivable.....	29.6	29.7
Assets classified as held for sale.....	76.9	23.1
Derivatives.....	14.3	1.7
Cash and cash equivalents.....	175.7	311.9
Group consolidated total assets.....	9,398.5	9,387.2

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

<i>(in millions of euros)</i>	For the period ended June 30,	
	2011	2010
Personnel costs (salaries & benefits)	712.1	683.7
Building and occupancy costs	130.7	134.2
Other external costs	291.5	279.2
Depreciation expense	36.9	38.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities ..	9.2	12.3
Bad debt expense	27.6	30.3
Total distribution and administrative expenses	1,208.0	1,177.7

6. | OTHER INCOME & OTHER EXPENSES

<i>(in millions of euros)</i>	For the period ended June 30,	
	2011	2010
Capital gains	2.4	2.8
Write-back asset impairment	0.2	-
Release of unused provisions	0.7	4.0
Other operating income	0.5	5.6
Total other income	3.8	12.4
Restructuring costs	(9.1)	(29.5)
Loss on non-current assets disposed of	(1.2)	(9.1)
Impairment of goodwill and fixed assets.....	(7.1)	(4.4)
Acquisition related costs.....	(2.1)	-
Other operating expenses	(0.1)	(0.5)
Total other expenses	(19.6)	(43.5)

6.1 | Other income

Capital gains

For the period ending June 30, 2011, capital gains mainly included the disposal of three branches in France for €1.1 million and the disposal of the Spanish head office in Barcelona for €0.7 million.

For the period ended June 30, 2010, capital gains were mainly related to the disposal of two branches in Sweden and one in Italy for €1.7 million and €0.7 million respectively.

Release of unused provisions

For the period ended June 30, 2011, this line item in France included the release of unused provisions for vacant premises for €0.2 million, for restructuring for €0.1 million and the provision for reinstatement in the United Kingdom for €0.3 million.

For the period ended June 30, 2010, this line item included the release of unused provisions for restructuring. In particular, they were comprised of write-back of reserves for empty buildings following settlements executed in 2010 with lessors in France and in the Netherlands for €1.2 million and €0.6 million respectively, and €1.0 million for the release of provision relating to the redeployment of workforce in France

Other operating income

For the period ended June 30, 2010, other operating income included a €1.9 million curtailment gain relating to the pension plan in the Netherlands and a €3.6 million tax indemnification from the PPR group under a warranty granted to Rexel in 2005.

6.2 | Other expenses

Restructuring costs

Restructuring costs for the period ending June 30, 2011 mainly consisted of costs related to current restructuring plans in The Netherlands for €4.7 million, in Finland for €0.5 million and in Australia for €0.4 million and to the termination of plans initiated in 2010 in France for €1.3 million, in the United Kingdom for €0.8 million and in the United States for €0.6 million.

For the period ended June 30, 2010, restructuring costs were mainly related to the continuation of restructuring plans initiated in 2009 to adapt the Group's structure to current market conditions. These costs mainly included the effect of downsizing the distribution network and workforce adaptation in Europe for €22.6 million (of which €12.1 million in France and €4.2 million in Sweden) and in North America for €6.3 million (of which €5.9 million in the United States).

Losses on fixed assets disposed of or discarded

For the period ending June 30, 2011, losses on fixed assets are mainly composed of discarded equipment in relation to the merger of four branches in Spain for €0.5 million and the disposal of the household appliance distribution business under the Smeg brand in Australia for €0.2 million.

For the period ended June 30, 2010, losses on non-current assets were related to the sale of two legacy non-core businesses of Hagemeyer:

- Hagemeyer Cosa Liebermann in Asia (HCL Asia), a company operating as a wholesaler and duty-free agent of luxury goods in Asian countries, sold to DKSH Holding Ltd, a Swiss company, on February 25, 2010 for total consideration of USD13.7 million (€9.9 million). Capital loss on this disposal amounted to €5.9 million.
- Haagtechno B.V., a company in The Netherlands involved in import, warehousing and distribution of electronic products manufactured by Panasonic, sold to Panasonic Marketing Europe GmbH on June 30, 2010 for a total consideration of €15.5 million. Capital loss on this disposal amounted to €2.7 million.

In addition, asset write-offs for the period ended June 30, 2010 amounted to €0.5 million.

Goodwill and assets impairment

For the period ended June 30, 2011, assets impairment included the impairment of the group of assets held for sale relating to the disposal of Hagemeyer Brands Australia Pty Ltd by €7.0 million prior to their reclassification to "Assets held for sale" (see note 9).

For the period ended June 30, 2010, goodwill was impaired by €4.2 million with regard to operations in Slovenia due to economic and market downturn.

Acquisition-related costs

For the period ending June 30, 2011, the costs incurred for the acquisitions mentioned in note 3 or in the process of being completed amount to €2.1 million.

7. | NET FINANCIAL EXPENSES

Net financial expenses are composed of the following items:

	For the period ended June 30,	
	2011	2010
(in millions of euros)		
Expected return on employee benefit plan assets	24.8	23.0
Interest income on cash and cash equivalents	1.0	0.3
Interest income on receivables and loans	1.2	0.9
Financial income	26.9	24.2
Interest expense on financial debt (stated at amortized costs):.....	(72.1)	(75.1)
- Senior Credit Facilities.....	(13.9)	(27.2)
- Senior Notes	(30.0)	(26.3)
- Securitization	(12.3)	(9.7)
- Other financing	(5.6)	(2.8)
- Finance leases	(0.8)	(0.7)
- Amortization of transaction costs	(9.5)	(8.4)
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement ⁽¹⁾	(22.4)	(19.6)
Ineffectiveness of interest rate hedges.....	1.5	(0.8)
Foreign exchange gain (loss) on financial liabilities	(6.9)	(8.3)
Change in fair value of derivatives through profit and loss	9.5	7.4
Interest expense on borrowings	(90.5)	(96.4)
Interest cost of employee benefit obligation and other long-term liabilities	(27.8)	(27.8)
Financial expenses (other)	(3.3)	(3.5)
Other financial expenses	(31.1)	(31.3)
Financial expenses (net)	(94.7)	(103.5)

⁽¹⁾ of which a €10.0 million expense related to the reclassification of losses previously deferred through equity relating to the fair value of swaps designated as a hedge of variable interest rate cash-flows on the US dollar for €9.0 million, Canadian dollar for €0.4 million and Swiss franc for €0.7 million, following the partial repayment of the underlying senior credit facilities during the 2nd quarter of 2011 (see note 14).

8. | INCOME TAX

Income tax expense for an interim period is calculated based on the tax rate of the expected year-end income, i.e. by applying the average estimated tax rate for the 2011 financial year to the interim income before taxes.

The effective tax rate for the period ending June 30, 2011 was 18.9%, compared to 16.7% for the period ended June 30, 2010.

The income tax expense for the period ending June 30, 2011 includes the effect of partial recognition of previous years' tax losses that are indefinitely carried forward in the United Kingdom.

The effective tax rate for the period ending June 30, 2010 included the effect of the recognition of tax losses carried forward realized in 2009 in France.

9. | ASSETS HELD FOR SALE

Assets held for sale as of June 30, 2011 amounted to a net total of €48.0 million, of which €40.4 million of net assets related to the disposal of Hagemeyer Brands Australia Pty Limited.

(in millions of euros)

Hagemeyer Brands Australia Pty Ltd

Tangible and intangible assets.....	5.9
Other non current assets.....	5.0
Current assets.....	56.8
Non current liabilities.....	(6.1)
Current liabilities.....	(21.2)
Net assets Hagemeyer Brands Australia.....	<u>40.4</u>
Other assets and liabilities.....	7.6
Total - Net assets held for sale.....	<u>48.0</u>
o/w: - assets	76.9
- liabilities	28.9

On June 30, 2011, Hagemeyer Holdings Australia Pty Limited, an indirect subsidiary of Rexel, entered into a Share Sale Agreement with Shriro Australia Pty Limited to dispose of its 100% interest in Hagemeyer Brands Australia Pty Limited, a company involved in the distribution of consumer electronics and kitchen appliances in Australia. The completion of this transaction is subject to certain conditions prior to closing.

At June 30, 2011, the group of assets to be disposed of was measured at its fair value less costs to sell resulting in an impairment of €7.0 million (AUD9.5 million) and was classified as "Assets held for sale" in the balance sheet.

10. | SHARE CAPITAL AND PREMIUM

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

	Number of Shares	Share capital (in millions of euro)	Issuance premium
On January 1, 2010	258,220,018	1,291.1	1,392.2
Exercise of share subscription options ⁽¹⁾	1,285,224	6.4	-
Issuance of shares in connection with free shares plan ⁽²⁾	146,031	0.7	(0.7)
Allocation of free shares ⁽³⁾	-	-	(7.6)
On June 30, 2010	259,651,273	1,298.2	1,383.9
On January 1, 2011	260,212,996	1,301.0	1,383.7
Exercise of share subscription options ⁽¹⁾	327,652	1.6	1.2
Issuance of shares in connection with payments of dividends ⁽⁴⁾	5,376,107	26.9	58.7
Allocation of free shares ⁽³⁾	2,859,037	14.3	(12.5)
Issuance of shares in connection with free shares plan ⁽²⁾	-	-	(10.4)
On June 30, 2011 ⁽⁵⁾	268,775,792	1,343.8	1,420.7

⁽¹⁾ Exercise of share subscription options

For the period ended June 30, 2011, 327,652 shares options were exercised by senior employees and key management personnel (1,285,224 during the first half of 2010). In November and December 2005, Rexel established share option programs for key management personnel and senior employees to subscribe for Rexel shares. Rights related to these options were fully vested at the time of the initial public offering of Rexel in April 2007 and are exercisable until October and November 2016.

⁽²⁾ Share issues related to bonus share plans

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

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

These plan characteristics are detailed in the consolidated financial statements for the financial year ended December 31, 2010.

⁽³⁾ Bonus share issue

In accordance with the approval by the Shareholders' Meeting of May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 shares to the executive management, operational managers and key employees of the Group subject to certain conditions (see note 12). The Management Board decided that the remittance of these bonus shares would only occur at the end of the vesting period by the beneficiaries through the creation of new shares. As a consequence, an allocation was made to the "appropriated earnings" as the offsetting of the premium to be issued.

⁽⁴⁾ Issuance of shares in connection with payments of dividends

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

The alternative of cash dividends or share dividends being at the option of each shareholder, share dividends are recognized as a payment in cash followed by a reinvestment in shares. Subsequently, those dividends are classified in "Dividends paid" and "Capital increase" in the cash flow statement.

<i>(in millions of euros)</i>	For the period ended June 30,	
	2011	2010
Dividends on ordinary shares	€0.40	-
Dividends paid	105.2	
<i>o/w: - dividends paid in cash</i>	<i>19.2</i>	<i>-</i>
<i>- dividends paid in shares.....</i>	<i>86.0</i>	<i>-</i>

⁽⁵⁾ Treasury shares

As of June 30, 2011, share capital includes 142,000 treasury shares held under a liquidity contract with a financial partner (103,000 treasury shares held as of December 31, 2010).

11. | EARNINGS PER SHARE

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

	For the period ended June 30,	
	2011	2010
Net income attributed to ordinary shareholders <i>(in millions of euros)</i>	173.3	92.0
Weighted average number of ordinary shares <i>(in thousands)</i>	261,485	258,974
Non dilutive potential shares <i>(in thousands)</i>	2,111	2,635
Weighted average number of issued common shares and non dilutive potential shares <i>(in thousands)</i>	263,596	261,609
Basic earning per share <i>(in euros)</i>	0.66	0.35
Net income attributed to ordinary shareholders <i>(in millions of euros)</i>	173.3	92.0
Weighted average number of issued common shares and non dilutive potential shares <i>(in thousands)</i>	263,596	261,609
Potential dilutive shares <i>(in thousands)</i>	2,033	1,446
<i>- of which share options</i> <i>(in thousands)</i>	<i>207</i>	<i>319</i>
<i>- of which bonus shares</i> <i>(in thousands)</i>	<i>1,826</i>	<i>1,127</i>
Weighted average number of common shares used for the calculation of fully diluted earnings per share <i>(in thousands)</i>	265,629	263,055
Fully diluted earnings per share	0.65	0.35

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

12. | SHARE-BASED PAYMENTS

On May 12, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,082,748 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 12, 2013), these being restricted for an additional two-year period (until May 12, 2015), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions, the so-called “4+0 Plan”. The delivery of these shares is subject to service and performance conditions of the schemes as described below:

Beneficiaries	Members of Group Executive Committee and top		Other key employees		Operational manager		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date		
Plan.....	2+2	4+0	2+2	4+0	2+2	4+0	
Date of delivery	May 12, 2013	May 12, 2015	May 12, 2013	May 12, 2015	May 12, 2013	May 12, 2015	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	2,082,748

Under this free shares plan, the executive committee members may receive, subject to service and performance conditions, a maximum of 453,197 shares of Rexel.

The fair value of Rexel's shares granted to employees is estimated at €16.68 per share, based upon the stock price at the grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

The related expenses for free share plans are accounted for in “Distribution and administrative expenses” and are summarized as follows:

	For the period ended June 30	
	2011	2010
(in millions of euros)		
Plans issued in 2008.....	-	1.1
Plans issued in 2009.....	1.2	1.6
Plans issued in 2010.....	3.5	1.0
Plans issued in 2011.....	1.6	-
Total free share plans expense	6.3	3.7

13. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2011. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

13.1 | Net financial debt

<i>(in millions of euros)</i>	As of June 30, 2011			As of December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes.....	-	1,165.8	1,165.8	-	669.5	669.5
Senior Credit Facilities	-	184.7	184.7	-	761.5	761.5
Securitization	402.1	587.1	989.2	-	1,067.6	1,067.6
Bank loans	29.6	9.4	39.0	6.6	1.9	8.5
Commercial paper	133.8	-	133.8	56.9	-	56.9
Bank overdrafts and other credit facilities	55.2	-	55.2	66.6	-	66.6
Finance lease obligations	6.6	18.1	24.7	5.7	7.2	12.9
Accrued interests ⁽¹⁾	6.5	-	6.5	5.2	-	5.2
Less transaction costs	(19.5)	(41.3)	(60.8)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest.....	614.3	1,923.8	2,538.1	122.0	2,463.5	2,585.5
Cash and cash equivalents			(175.7)			(311.9)
Derivatives fair value.....			1.4			(0.3)
Net financial debt			2,363.8			2,273.3

⁽¹⁾ including accrued interest on Senior Notes for €5.6 million as of June 30, 2011 (€2.5 million as of December 31, 2010)

13.1.1 Senior Notes

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The Notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment on December 17, 2011. The Notes will mature on December 17, 2018.

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

Redemption period beginning on:	Redemption price (as a % of principal amount)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100,000%

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

13.1.2 Senior Credit Agreement

As of June 30, 2011, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit Facility (Term Loan)	Commitment	Balance due as of June 30, 2011	Currency	Balance due as of June 30, 2011
	<i>(in millions of euros)</i>	<i>(in millions of local currency)</i>		<i>(in millions of euros)</i>
Facility A	390.7	216.0	USD	149.4
Facility B	1,074.0	-		-
2009 Senior Credit Facilities subtotal	1,464.7			149.4
Bilateral line	35.3	35.3	EUR	35.3
TOTAL	1,500.0			184.7

These multicurrency senior credit facilities bear interest at EURIBOR or LIBOR rates depending on the currency in which the amounts are drawn, plus a margin which varies depending on the leverage ratio. On June 30, 2011, the applicable margins stood at 2% for Facility A and 2.25% for Facility B.

13.1.3 Securitization programs

The Group manages several securitization programs presented in the table below, with the exception of the US program to assign off-balance sheet receivables, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

Under these programs, the Group continues to bear a significant part of the payment delay and of the credit risk. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt, in accordance with IAS 39.

The main features of the securitization programs are summarized in the table below:

Program	Commitment	<i>(in millions of currency)</i>			<i>(in millions of euros)</i>		Repayment
		Amount of receivables pledged on June 30, 2011	Amount drawn down as of June 30, 2011	Balance as of June 30, 2011	December 31, 2010		
2005 - Europe and Australia	EUR 500	EUR 538.7	EUR 402.1	402.1	444.8	11/02/2012	
United States	USD 250	USD 368.7	USD 219.2	151.7	180.4	23/12/2014	
Canada	CAD 140	CAD 217.5	CAD 140.0	100.4	105.1	13/12/2012	
2008 - Europe	EUR 450	EUR 472.8	EUR 335.1	335.1	337.3	17/12/2013	
TOTAL				989.2	1,067.6		

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of June 30, 2011, the total outstanding amount authorized for these securitization programs was €1,223.3 million, of which €989.2 million was utilized. These programs are subject to certain contractual obligations regarding the quality of the trade receivables portfolio (see note 19.1.3 to the consolidated financial statements as of December 31, 2010). As of June 30, 2011, all contractual obligations related to these securitization programs have been fulfilled.

Furthermore, Rexel also operates an off-balance sheet program restricted to its US subsidiaries. Under this program, all risks and obligations attached to the assigned receivables are transferred to the purchaser and such receivables are derecognized from the balance sheet. As of June 30, 2011, derecognized receivables totaled €74.9 million ie USD 108.3 million (€97.7 million as of December 31, 2010) and the resulting loss recorded as a financial expense was €1.9 million (€2.6 million as of June 30, 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €13.3 million (USD 19.3 million) and was recognized in financial liabilities.

13.1.4 Commercial paper program

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

As of June 30, 2011, the company had issued €133.8 million in commercial paper (€56.9 million as of December 31, 2010).

13.2 | Change in net financial debt

As of June 30, 2011 and 2010, the change in net financial debt was as follows:

	For the period ended June 30,	
	2011	2010
<i>(in millions of euros)</i>		
At January 1	2,273.3	2,401.2
Issuance of Senior Notes ⁽¹⁾	500.0	76.7
Net change in Term Loan facilities	(539.7)	(101.0)
Transaction costs	(7.2)	(3.0)
Net change in other credit facilities and bank overdrafts	88.1	(8.3)
Net change in credit facilities	41.2	(35.6)
Net change in securitization	(49.6)	(135.6)
Payment of finance lease liabilities	11.7	(3.0)
Net change in financial liabilities	3.3	(174.2)
Change in cash and cash equivalents	110.2	79.7
Translation differences	(44.4)	206.7
Change in consolidation scope	14.0	0.2
Amortization of transaction costs	9.5	8.4
Other changes	(2.0)	12.7
At June 30	2,363.8	2,534.7

⁽¹⁾ On May 27, 2011, Rexel issued €500 million Senior unsecured Notes bearing interest at the rate of 7% (see note 13.1.1). On January 20, 2010, Rexel issued €75 million notes in addition to the notes of €575 million issued on December 21, 2009, which bear interest at the rate of 8.25% and are redeemable on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

14. | MARKET RISKS AND FINANCIAL INSTRUMENTS

14.1 | Interest rate risk

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

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

<i>(in millions of euros)</i>	As of June 30, 2011	As of December 31, 2010
Senior Notes and other fixed rate debt	1,171.6	668.0
<i>Fixed rate debt before hedging</i>	1,171.6	668.0
Floating to fixed rate swaps	1,616.4	1,286.4
Fixed to floating rate swaps	(475.0)	(475.0)
Active Interest rate options - Collars ⁽¹⁾	-	721.3
Sub total fixed or capped rate debt after hedging	2,313.0	2,200.6
Floating rate debt before hedging	1,367.9	1,917.2
Floating to fixed rate swaps	(1,616.4)	(1,286.4)
Fixed to floating rate swaps	475.0	475.0
Active Interest rate options - Collars ⁽¹⁾	-	(721.3)
Cash and cash equivalents	(175.7)	(311.9)
Sub total current floating rate debt after hedging	50.8	72.7
Total net financial debt	2,363.8	2,273.3

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

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million in variable rate debt. These derivatives are classified as fair value hedges.

As of June 30, 2011, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	Total notional amount <i>(in millions of euros)</i>	Maturity	Weighted average fixed rate paid (received)	Floating rate paid (received)	Fair value ⁽¹⁾ <i>(in millions of euros)</i>
Swaps paying variable rate					
Euro	475.0	December 2016	(2.74%)	3M Euribor	0.1
Swaps paying fixed rate					
Euro	(150.0)	March 2012	2.19%	(3M Euribor)	(0.6)
Euro	(100.0)	March 2013	2.29%	(3M Euribor)	(0.7)
Total					(1.2)

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

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

The change in fair value of these fair value hedging swaps for the period ending June 30, 2011 represented a loss of €2.1 million, offset by a gain of €1.6 million resulting from the change in the fair value of the Senior Notes.

Cash-flow hedge derivatives

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

Cash-flow hedge swaps mature between December 2011 and March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of June 30, 2011, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency (in millions of currency)	Total notional amount currency (in millions of euros)	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value ⁽¹⁾ (in millions of euros)
Swaps paying fixed rate						
Euro.....	100.0	100.0	March 2012	Euribor 3M	1.42%	(0.1)
Euro.....	200.0	200.0	March 2014	1M Euribor	2.12%	(1.6)
Canadian dollar.....	100.0	71.7	September 2013	3M Libor	1.57%	0.4
	40.0	28.7	March 2013	3M Libor	2.72%	(0.5)
American dollar.....	80.0	55.4	December 2011	3M Libor	3.15%	(0.8)
	256.0	177.1	March 2013	3M Libor	2.82%	(7.1)
British pound	25.0	27.7	March 2012	3M Libor	1.97%	(0.2)
Total		660.5				(10.0)

⁽¹⁾ Derivative instruments are presented at fair value, including accrued interest payable for €1.8 million

The change in fair value of the cash flow hedging instruments for the period ending June 30, 2011 was recorded as a €12.8 million increase in equity (before tax).

Derivatives designated as cash-flow hedge of the Senior Notes

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

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

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

The change in fair value of these derivatives incurred a loss of €3.2 million. The ineffective portion of the hedging instruments was recorded as a financial expense of €0.9 million and the effective portion was recognized as other comprehensive income for €2.3 million. This amount will be reclassified to profit and loss until the maturity of the Senior Notes (7 years).

Changes in fair value of these derivatives subsequent to the bond issuance have been recorded as a financial expense of €0.4 million before income tax.

Derivatives not eligible for hedge accounting

	Total notional amount (in millions of currency)	Total notional amount (in millions of euros)	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value ⁽¹⁾ (in millions of euros)
Swaps paying fixed rate						
Canadian dollar.....	30.0	21.5	March 2013	3M Libor	2.72%	(0.4)
Swiss franc.....	40.0	33.1	March 2013	3M Libor	0.94%	(0.3)
	90.0	74.6	March 2014	3M Libor	0.81%	(0.5)
Swedish krona	500.0	54.5	September 2012	3M Stibor	2.59%	0.1
American dollar.....	200.0	138.4	September 2011	3M Libor	3.35%	(1.1)
	150.0	103.8	December 2011	3M Libor	3.68%	(1.8)
	200.0	138.4	September 2012	3M Libor	3.18%	(4.8)
	24.0	16.6	March 2013	3M Libor	2.82%	(0.7)
Euro ⁽²⁾	125.0	125.0	May 2018	6M Euribor	3.21%	(1.0)
Total		705.9				(10.4)

⁽¹⁾ Derivative instruments are presented at fair value, including accrued interest payable of €0.8 million

⁽²⁾ Swaps designated as cash flow hedge of the €500 million bond issuance and dequalified at the issue date of the bond

Derivatives that are not eligible for hedge accounting mainly relate to dequalifying instruments following the partial repayment of the senior credit facilities as a result of the issuance of the €500 million Senior Notes. The discontinuation of the hedging relationship resulted in the reclassification of the cumulative loss recognized in other comprehensive income to profit and loss account for €10.0 million, of which €9.0 million relates to swaps denominated in US dollar, €0.4 million in Canadian dollar, and €0.7 million in Swiss Franc (see note 7).

Sensitivity to interest rate variation

As of June 30, 2011, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €1.1 million and a €10.2 million increase in equity before tax effect.

14.2 | Foreign exchange risk

Forward contracts

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

As of June 30, 2011, the notional value of forward contracts was €825.0 million (€1,074.0 million of forward sales and €249.0 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €6.1 million. The change in fair value of forward contracts for the period ending June 30, 2011 was recorded as financial income of €7.1 million, as operating income of €0.7 million and as variation of cash-flow hedge reserve of €0.9 million.

Currency options

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

Currency options recognized as of June 30, 2011 are shown in the table below:

	Total notional amount <i>(in millions of currency)</i>	Total notional amount <i>(in millions of euros)</i>	Maturity	Premium received (paid) <i>(in millions of euros)</i>	Fair value <i>(in millions of euros)</i>
Put options					
Australian dollar.....	47.0	34.9	December 2011	(1.1)	0.3
Canadian dollar.....	69.0	49.5	December 2011	(1.1)	1.5
Swiss franc.....	33.0	27.3	December 2011	(0.4)	0.0
British pound	20.0	22.2	December 2011	(0.4)	1.1
		133.8		(3.0)	2.9
Call options					
British pound	20.0	22.2	December 2011	0.2	(0.4)
Total				(2.8)	2.6

The fair value of currency options is equal to €2.6 million. The premiums paid for these currency options amounted to €2.8 million. The negative change in fair value of €0.2 million is recorded as a financial expense.

Sensitivity to changes in foreign exchange rates

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

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €271.3 million and a decrease (increase) in operating income before other income and other expenses of €11.6 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of June 30, 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €69.7 million and €90.3 million respectively.

Financial debt per repayment currency

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

<i>(in millions of euros)</i>	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	British pound	Swiss franc	Other currency	Total
Financial liabilities	1,866.3	316.8	101.0	83.4	1.0	0.9	127.0	0.4	42.7	2,539.4
Cash and cash equivalents.....	(57.4)	(42.2)	(1.5)	(13.7)	(3.6)	(2.1)	(15.6)	(16.7)	(22.9)	(175.7)
Net financial position before hedging	1,808.9	274.6	99.5	69.7	(2.6)	(1.2)	111.4	(16.3)	19.8	2,363.8
Impact of hedge.....	(838.6)	278.8	133.8	36.1	(34.1)	181.9	(101.6)	303.1	40.6	0.0
Net financial position after hedging	970.3	553.4	233.3	105.8	(36.7)	180.7	9.8	286.9	60.4	2,363.8
Impact of a 5% increase in exchange rates.....	-	27.7	11.7	5.3	(1.8)	9.0	0.5	14.3	3.0	69.7

14.3 | Liquidity Risk

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

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 19.1.2 of the consolidated financial statements prepared for the financial year ending December 31, 2010.

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

The contractual repayment schedule of financial liabilities is as follows:

<i>(in millions of euros)</i>	As of June 30, 2011	As of December 31, 2010
Due within		
One year	633.9	140.9
Two years.....	112.7	553.5
Three years.....	336.3	334.6
Four years.....	338.0	941.1
Five years.....	3.8	1.8
Thereafter.....	1,174.3	676.8
Total financial debt.....	2,598.9	2,648.7
Transaction cost.....	(60.8)	(63.2)
Financial debt.....	2,538.1	2,585.5

As of June 30, 2011, the remaining contractual due dates in relation to financial indebtedness and derivatives, including interest owed, are as follows:

<i>(in millions of euros)</i>	Financial debt & interests	Derivatives	Total
Due within			
One year	706.0	(0.5)	705.5
Two years.....	234.9	0.5	235.4
Three years.....	453.5	1.4	454.9
Four years.....	446.3	(1.1)	445.2
Five years.....	92.4	(2.3)	90.1
Thereafter.....	1,294.3	(2.9)	1,291.4
Total financial debt.....	3,227.4	(4.9)	3,222.6

In addition, the trade accounts payable amounted to €1,827.0 million as of June 30, 2011 (€1,866.2 million as of December 31, 2010) and are due in less than one year.

15. | SEASONALITY

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

16. | RELATED PARTY TRANSACTIONS

For the period ended June 30, 2011, there have not been any significant transactions entered into with related parties except for the allocation to the members of the Executive Committee of a maximum number of 453,197 free shares in connection with the free share plan in May 2011, which shares are subject to service and performance conditions (see note 12).

17. | LITIGATION

For the period ended June 30, 2011, there was no significant change relating to the litigation disclosed in the Group's consolidated financial statements as of December 31, 2010, that would have a significant impact on Rexel's financial position or profitability.

18. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the condensed consolidated interim financial statements, there have been no subsequent events that would have a significant impact on Rexel's financial situation.

19. | QUARTERLY INFORMATION

Consolidated income statement

<i>(in millions of euros)</i>	For the quarter ended June 30,	
	2011	2010
Sales	3,157.6	3,047.0
Cost of goods sold	(2,386.3)	(2,302.4)
Gross profit	771.3	744.6
Distribution and administrative expenses	(601.7)	(603.8)
Operating income before other income and expenses	169.6	140.8
Other income	3.0	7.4
Other expenses	(14.9)	(23.3)
Operating income	157.7	124.9
Financial income	13.2	12.4
Interest expense on borrowings	(50.9)	(49.0)
Other financial expenses	(15.4)	(16.2)
Financial expenses (net)	(53.1)	(52.8)
Share of profit of associates	1.0	1.5
Net income before income tax	105.6	73.6
Income tax	(18.4)	(10.5)
Net income	87.2	63.1
Portion attributable:		
to the Group	86.9	62.8
to non-controlling interests	0.3	0.3
Earnings per share:		
Basic earnings per share <i>(in euros)</i>	0.33	0.24
Fully diluted earnings per share <i>(in euros)</i>	0.33	0.24

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	For the quarter ended June 30,	
	2011	2010
Net income	87.2	63.1
Foreign currency translation	(7.2)	87.2
Income tax	3.4	2.7
	(3.8)	89.9
Gain (Loss) on cash flow hedges	5.9	1.4
Income tax	(1.4)	(0.4)
	4.5	1.0
<i>Other comprehensive income/(loss) for the period, net of tax</i>	<i>0.7</i>	<i>90.9</i>
Total comprehensive income for the period, net of tax	87.9	154.0
Portion attributable:		
to the Group	87.6	152.7
to non-controlling interests	0.3	1.3

Consolidated statement of cash flows

<i>(in millions of euros)</i>	For the quarter ended June 30,	
	2011	2010
Cash flows from operating activities		
Operating income	157.7	124.9
Depreciation, amortization and impairment of assets	30.1	30.7
Employee benefits	(2.3)	(4.0)
Change in other provisions	(8.5)	(9.6)
Other non-cash operating items	1.8	3.0
Interest paid	(38.2)	(34.1)
Income tax paid	(24.0)	(18.9)
<i>Operating cash flows before change in working capital requirements</i>	<i>116.6</i>	<i>92.0</i>
Change in inventories	34.0	(4.6)
Change in trade receivables	(97.3)	(98.6)
Change in trade payables	26.2	122.9
Change in other working capital items	0.9	(1.4)
<i>Change in working capital</i>	<i>(36.2)</i>	<i>18.3</i>
Net cash from operating activities	80.4	110.3
Cash flows from investing activities		
Acquisition of property, plant and equipment	(26.1)	(11.8)
Proceeds from disposal of property, plant and equipment	6.2	4.8
Acquisition of subsidiaries, net of cash acquired	(5.9)	(0.1)
Proceeds from disposal of subsidiaries, net of cash disposed	-	10.2
Change in long-term investments	-	(0.1)
Dividends received from consolidated subsidiaries	-	-
Net cash from investing activities	(25.8)	3.0
Cash flows from financing activities		
Capital increase	85.7	0.2
Disposal / (Purchase) of treasury shares	(1.4)	1.1
Net change in credit facilities and other financial borrowings	(105.4)	(117.8)
Net change in securitization	35.9	(14.2)
Payment of finance lease liabilities	5.6	(1.9)
Dividends paid	(105.2)	-
Net cash from financing activities	(84.8)	(132.6)
Net decrease in cash and cash equivalents	(30.2)	(19.3)
Cash and cash equivalents at the beginning of the period	220.7	289.6
Effect of exchange rate changes on cash and cash equivalents	(14.8)	14.9
Cash and cash equivalents at the end of the period	175.7	285.2

Segment information for the quarter ended June 30, 2011 and June 30, 2010

2011 <i>(in millions of euros)</i>		Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the quarter ended June 30								
Sales to external customers.....		1,854.0	883.1	319.1	101.4	3,157.6	-	3,157.6
EBITA ⁽¹⁾		122.4	36.2	19.0	6.3	183.9	(9.8)	174.1

2010 <i>(in millions of euros)</i>		Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the quarter ended June 30								
Sales to external customers.....		1,744.6	919.2	287.3	95.9	3,047.0	-	3,047.0
EBITA ⁽¹⁾		108.6	27.2	16.1	4.3	156.2	(8.1)	148.1

⁽¹⁾ EBITA is defined as operating income before other income, other expenses and amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.

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

<i>(in millions of euros)</i>	For the quarter ended June 30,	
	2011	2010
EBITA - Total Group.....	174.1	148.1
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities...	(4.5)	(7.3)
Other income and other expenses.....	(11.9)	(15.9)
Net financial expenses.....	(53.1)	(52.8)
Share of profit of associates.....	1.0	1.5
Group consolidated income before income tax.....	105.6	73.6

III. Statutory auditors' report

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

This report also includes information relating to the specific verification of information given in the Group's interim management report.

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

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

Statutory Auditors' Review Report on the condensed consolidated interim financial statements

For the six-month period ended June 30, 2011

To the Shareholders,

Following our appointment as statutory auditors by your shareholders' decision and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- our review of the accompanying condensed consolidated interim financial statements of Rexel S.A. for the six-month period ended June 30, 2011
- the verification of the information contained in the half-yearly management report.

These condensed consolidated interim financial statements are the responsibility of the board of directors (*directoire*). Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not 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 consolidated interim financial statements are not prepared in all material respects in accordance with IAS 34 - IFRS as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified information given in the half-yearly management report in respect of the condensed consolidated interim financial statements that were subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed consolidated interim financial statements.

Paris La Défense, July 26, 2011

KPMG Audit

ERNST & YOUNG Audit

A department of KPMG S.A.

Hervé Chopin

Pierre Bourgeois

IV. Responsibility for the half-year financial report

REXEL
RESPONSIBILITY STATEMENT FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with applicable accounting standards and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the half-year report on business operations provides an accurate description of the important events which have occurred in the first six months of the financial year, the impact of these events on the financial statements, the major transactions between related parties as well as the main risks and uncertainties for the six months remaining in the financial year.

Paris, July 26, 2011

Jean-Charles Pauze
Chairman of the Management Board of Rexel