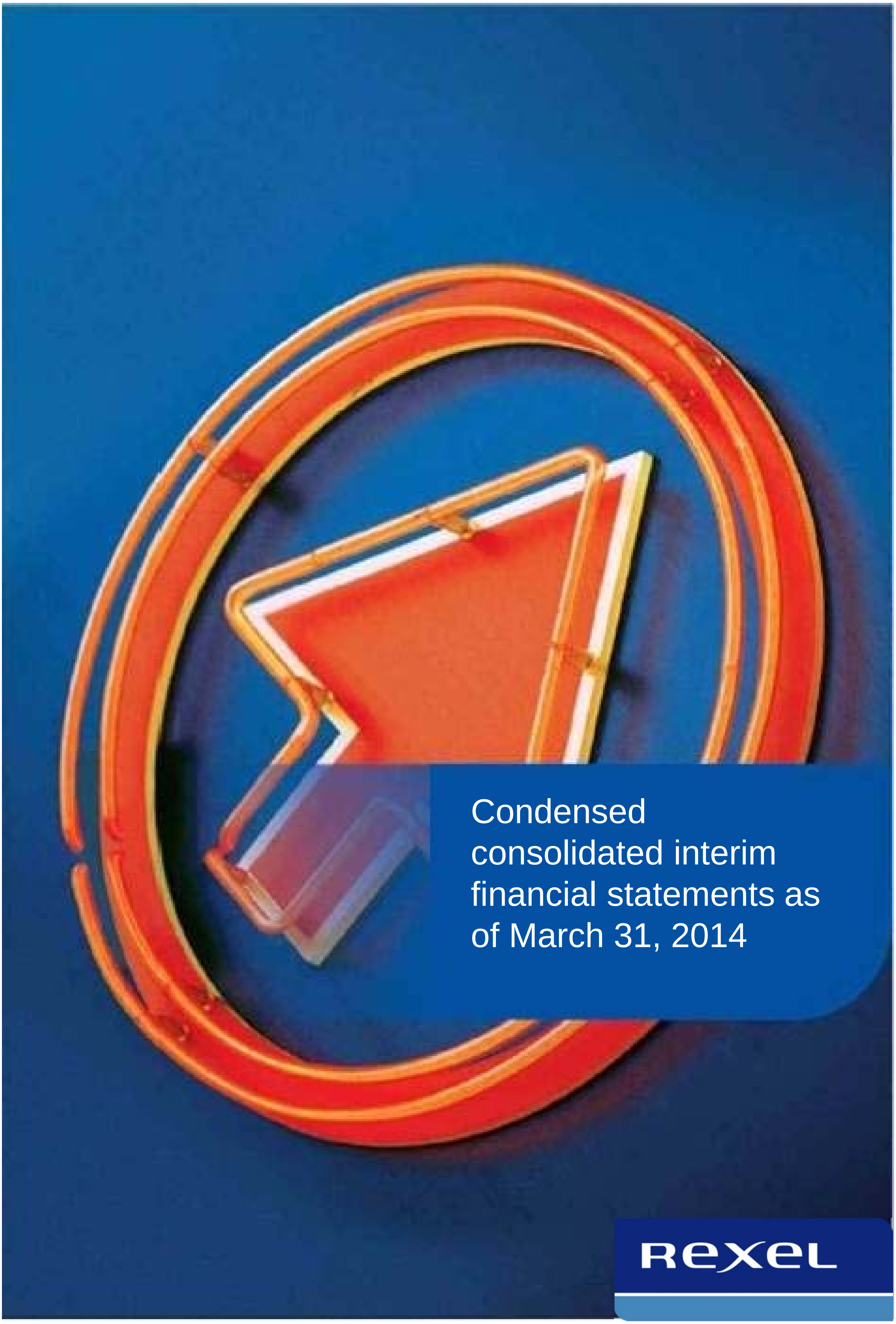

Condensed consolidated interim financial statements as of March 31, 2014

Rexel

Société Anonyme with Management and Supervisory Boards
with share capital of €1,416,862,255
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Condensed consolidated interim financial statements as of March 31, 2014 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2014 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 condensed consolidated interim financial statements for the period ended March 31, 2014, the French version will prevail.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	**Note**	**For the period ended March 31, 2014**	**2013 (1)**
Sales	***4***	3,067.3	3,153.9
Cost of goods sold		(2,303.2)	(2,366.8)
Gross profit		**764.1**	**787.1**
Distribution and administrative expenses	***5***	(634.0)	(648.7)
Operating income before other income and expenses		**130.1**	**138.5**
Other income	***6***	0.8	2.3
Other expenses	***6***	(19.5)	(12.5)
Operating income		**111.3**	**128.3**
Financial income		1.3	0.3
Interest expense on borrowings		(43.2)	(39.9)
Refinancing costs		-	(23.5)
Other financial expenses		(4.3)	(5.8)
Net financial expenses	***7***	***(46.3)***	***(68.9)***
Share of profit / (loss) of associates		-	(0.7)
Net income before income tax		**65.1**	**58.6**
Income tax	***8***	(21.9)	(19.1)
Net income		**43.2**	**39.5**
Portion attributable:			
to the Group		*43.1*	*39.7*
to non-controlling interests		*0.1*	*(0.2)*
Earnings per share:			
Basic earnings per share (in euros)	***9***	*0.15*	*0.15*
Fully diluted earnings per share (in euros)	***9***	*0.15*	*0.15*

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1)

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

Consolidated Statement of Comprehensive Income *(unaudited)*

	For the period ended March 31,	
(in millions of euros)	**2014**	**2013 [1]**
Net income	**43.2**	**39.5**
Items to be reclassified to profit and loss:		
Net gain / (loss) on net investment hedges	0.3	(17.8)
Income tax	(0.1)	8.4
	0.2	(9.4)
Foreign currency translation adjustment	(2.1)	34.9
Income tax	(0.8)	(17.9)
	(2.8)	17.0
Net gain / (loss) on cash flow hedges	0.5	1.1
Income tax	(0.2)	(0.4)
	0.4	0.7
Items not to be reclassified to profit and loss:		
Remeasurements of net defined benefit liability	(3.7)	14.1
Income tax	0.7	(3.2)
	(3.0)	10.9
Other comprehensive income / (loss) for the period, net of tax	*(5.3)*	*19.2*
Total comprehensive income for the period, net of tax	**37.9**	**58.7**
Portion attributable:		
to the Group	*38.1*	*58.6*
to non-controlling interests	*(0.2)*	*0.1*

[1] Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1)

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

Consolidated Balance Sheet (*unaudited)*

(in millions of euros)	Note	As of March 31, 2014	As of December 31, 2013 (1)
Assets			
Goodwill		4,123.3	4,111.2
Intangible assets		1,037.6	1,038.3
Property, plant and equipment		277.9	278.1
Long-term investments		37.6	51.7
Deferred tax assets		153.8	161.6
Total non-current assets		**5,630.2**	**5,640.9**
Inventories		1,417.0	1,389.5
Trade accounts receivable		2,173.9	2,062.8
Current tax assets		15.8	18.3
Other accounts receivable		446.4	467.8
Assets held for sale		3.4	3.4
Cash and cash equivalents	*11.1*	655.5	957.8
Total current assets		**4,712.0**	**4,899.7**
Total assets		**10,342.2**	**10,540.5**
Equity			
Share capital		1,416.9	1,416.7
Share premium		1,511.3	1,510.8
Reserves and retained earnings		1,328.0	1,289.5
Total equity attributable to equity holders of the parent		**4,256.2**	**4,217.0**
Non-controlling interests		9.9	10.1
Total equity		**4,266.1**	**4,227.1**
Liabilities			
Interest bearing debt (non-current part)	*11.1*	2,782.1	2,908.2
Employee benefits		244.3	243.4
Deferred tax liabilities		166.5	172.1
Provision and other non-current liabilities		97.1	108.0
Total non-current liabilities		**3,290.1**	**3,431.7**
Interest bearing debt (current part)	*11.1*	243.2	205.2
Accrued interest	*11.1*	35.8	11.6
Trade accounts payable		1,903.0	2,009.9
Income tax payable		26.5	37.2
Other current liabilities		577.5	617.9
Liabilities related to assets held for sale		-	617.9
Total current liabilities		**2,786.1**	**2,881.7**
Total liabilities		**6,076.1**	**6,313.4**
Total equity and liabilities		**10,342.2**	**10,540.5**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1)

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

Consolidated Statement of Cash Flows *(unaudited)*

(in millions of euros)	*Note*	For the period ended March 31, 2014	2013 [1]
Cash flows from operating activities			
Operating income		111.3	128.3
Depreciation, amortization and impairment of assets	*5 - 6*	24.1	23.8
Employee benefits		(3.5)	(3.3)
Change in other provisions		0.3	(5.6)
Other non-cash operating items		1.7	2.4
Interest paid		(38.0)	(42.9)
Income tax paid		(27.6)	(22.1)
Operating cash flows before change in working capital requirements		***68.3***	***80.6***
Change in inventories		(20.2)	(25.1)
Change in trade receivables		(105.3)	(50.1)
Change in trade payables		(116.1)	(69.0)
Change in other w orking capital items		(2.7)	(0.2)
Change in working capital requirements		***(244.3)***	***(144.5)***
Net cash from operating activities		**(176.0)**	**(64.0)**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(25.1)	(23.7)
Proceed from disposal of tangible and intangible assets		1.0	18.5
Acquisition of subsidiaries, net of cash acquired		(7.8)	(2.1)
Change in long-term investments		1.0	(2.6)
Net cash from investing activities		**(30.9)**	**(9.9)**
Cash flows from financing activities			
Issuance of capital		0.7	0.7
Disposal / (Purchase) of treasury shares		(1.3)	1.1
Settlement of interest rate sw aps qualified as fair value hedge		-	30.4
Net change in credit facilities and other financial borrow ings	*11*	41.2	128.9
Net change in securitization	*11*	(138.2)	(95.0)
Net change in finance lease liabilities	*11*	(1.6)	(42.3)
Dividends paid		-	(0.2)
Net cash from financing activities		**(99.3)**	**23.6**
Net (decrease) / increase in cash and cash equivalents		**(306.2)**	**(50.3)**
Cash and cash equivalents at the beginning of the period		957.8	291.9
Effect of exchange rate changes on cash and cash equivalents		3.9	(7.5)
Cash and cash equivalents at the end of the period		**655.5**	**234.1**

[1] Restated for changes in accounting policies follow ing the adoption of IFRIC interpretation 21 "Lev ies" (see note 2.2.1)

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

Consolidated Statement of Changes in Shareholders’ Equity *(unaudited)*

(in millions of euros)	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	Total attributable to the Group	Non-controlling interests	Total
For the period ended March 31, 2013									
As of January 1, 2013 (as reported)	**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
Effect of changes in accounting policies following the adoption of IFRIC Interpretation 21	-	-	2.5	-	-	-	**2.5**	-	2.5
As of January 1, 2013 [(1)]	**1,359.6**	**1,418.3**	**1,347.0**	**138.8**	**(3.0)**	**(148.9)**	**4,111.8**	**8.3**	**4,120.1**
Net income	-	-	39.7	-	-	-	**39.7**	(0.2)	39.5
Other comprehensive income	-	-	-	7.3	0.7	10.9	**18.9**	0.3	19.2
Total comprehensive income for the period	**-**	**-**	**39.7**	**7.3**	**0.7**	**10.9**	**58.6**	**0.1**	**58.7**
Appropriation of net income	-	-	-	-	-	-	**-**	(0.3)	(0.3)
Share capital increase	0.4	0.4	-	-	-	-	**0.8**	-	0.8
Share based payments	-	-	2.6	-	-	-	**2.6**	-	2.6
Disposal / (Purchase) of treasury shares	-	-	0.7	-	-	-	**0.7**	-	0.7
As of March 31, 2013 [(1)]	**1,360.0**	**1,418.7**	**1,390.0**	**146.1**	**(2.3)**	**(138.0)**	**4,174.5**	**8.1**	**4,182.6**
For the period ended March 31, 2014									
As of January 1, 2014	**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(65.1)**	**4,217.0**	**10.1**	**4,227.1**
Net income	-	-	43.1	-	-	-	**43.1**	0.1	43.2
Other comprehensive income	-	-	-	(2.3)	0.4	(3.0)	**(5.0)**	(0.3)	(5.3)
Total comprehensive income for the period	**-**	**-**	**43.1**	**(2.3)**	**0.4**	(3.0)	**38.1**	**(0.2)**	**37.9**
Share capital increase	0.2	0.5	-	-	-	-	**0.7**	-	0.7
Share based payments	-	-	1.9	-	-	-	**1.9**	-	1.9
Disposal / (Purchase) of treasury shares	-	-	(1.4)	-	-	-	**(1.4)**	-	(1.4)
As of March 31, 2014	**1,416.9**	**1,511.3**	**1,421.2**	**(23.7)**	**(1.3)**	**(68.1)**	**4,256.2**	**9.9**	**4,266.1**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1)

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), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These condensed consolidated interim financial statements cover the period from January 1 to March 31, 2014, and were authorized for issue by the Management Board on April 23, 2014.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of Compliance

The condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending March 31, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force at March 31, 2014. 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, 2013 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 21, 2014 under the number D.14-0181.

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 March 31, 2014 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used as of December 31, 2013 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2013, with the exception of the new standards and interpretations disclosed in note 2.2.1.

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.

2.2.1 | Changes in accounting policies and amended standards and interpretations

Changes in accounting policies : IFRIC Interpretation 21 Levies

As of January 1, 2014, Rexel elected to adopt IFRIC Interpretation 21 “Levies” with retrospective application as of January 1, 2013. IFRIC Interpretation 21 “Levies” clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies over the fiscal year and rather requires the one-time recognition of the liability when the obligating event for the payment of the levy is met. The impact of the adoption of IFRIC Interpretation 21 on shareholders’ equity as of January 1, 2013 was an increase of €2.5 million after tax (€3.9 million before tax). The impact of the adoption of this interpretation on the operating income and net income for the period ended March 31, 2013 was respectively €5.7 million and €3.7 million. Prior year comparative information was restated accordingly such as disclosed in the financial statements.

Amended standards

Effective January 1, 2014, the following new amendments previously endorsed by the European Union are applicable to Rexel but have no material effect on the Group’s financial statements:

- Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” allows hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

2.2.2 | Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, their potential impact is currently under review by the Group.

- IFRS 9 "Financial Instruments" aims at replacing IAS 39 "Financial Instruments - Recognition and Measurement". It is a 3-phase project where only phase 1, "Classification and Measurement" was issued. Phase 2, "Impairment Methodology", and phase 3 "Hedge Accounting", have not been issued yet. The endorsement process by the European Union has been placed on hold, pending the completion of the whole project by the IASB.

- Amendment to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures" postpones the mandatory application date of IFRS to January 1, 2015 and modifies the requirements on transition disclosures.

- Amendment to IFRS 9 “Hedge Accounting” and amendments to IFRS 9, IFRS 7 and IAS 39 :

    - bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
    - allow the changes to address the “own credit” issue included in IFRS 9 Financial Instruments to be applied in isolation without applying the other changes introduced by IFRS 9 ; and
    - remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

- Amendment to IAS 19 “Defined Benefits Plans: Employee Contributions”: the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Improvements cycles 2010-2012 and 2011-2013, issued in December 2013, include minor changes to several standards. These changes are applicable for annual statements beginning on or after July 1, 2014, or for transactions after that date in limited instances, and are not expected to have any material impact on the Group’s financial statements.

3. | BUSINESS COMBINATION

3.1 | 2014 business combinations

As part of Rexel’s external growth policy, which aims to strengthen its presence in emerging markets and improve the offering of its high value-added services, the Group completed the following acquisitions in the first quarter of 2014:

- On January 7, 2014, the Group completed the acquisition of Esabora Digital Services pursuant to a share purchase agreement dated November 14, 2013. This company, based in France and created in 1990, is specialized in editing advanced software tools for electrical contractors and installers. The consideration transferred was €7.0 million including €0.2 of cash acquired. It recorded annual sales of around €1.6 million in 2013.
- On March 28, 2014, the Group acquired AMP Ingenieros SAS, based in Peru and created in 1991. This company is specialized in the distribution international branded Electrical supplies, panel building and engineering services. It recorded annual sales of around €1.4 million in 2013. The consideration transferred was €0.7 million. As this entity do not have a material impact on the Group’s financial statements and given its acquisition date late in March 2014, it will be consolidated as from April 1, 2014.

3.2 | Follow up of 2013 business combinations

The Group consolidated as of January 1, 2014 Lenn International Pte Ptd (Singapour) and Rexel Quality Trading (Thailand) acquired in November 2013, such as disclosed in note 3.1 in the consolidated financial statements as of December 31, 2013.

The table below shows the consideration allocated to identifiable assets and liabilities, estimated on a provisional basis as of March 31, 2014, for the entities acquired in 2014 and those acquired in late 2013 that were consolidated as of January 1, 2014 :

Status of acquisitions integrated as at March 31, 2014 *(in millions of euros)*	
Other fixed assets …………………………………………………	6.0
Other non current assets………………………………………	0.4
Current assets……………………………………...…………………	22.0
Net financial debt…………………………………………………	(4.5)
Current liabilities…………………………………………………	(13.3)
Net asset acquired (except goodwill acquired)……….	**10.5**
Goodwill acquired …………………………………………………	19.1
Consideration transferred………………………………….	**29.6**
Cash acquired ………………………………………………………	(1.7)
Deferred payments………………………………………………	(8.0)
Payments related to entities acquired and not yet consolidated in 2014………………...……………………	0.7
Net cash paid for acquisitions……………………………	**20.7**
Payments in 2013 ………………………………………………… (1)	(12.9)
Foreign currency translation……………………………………	-
Net cash flow for the period ………………………………	**7.8**

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

4. | SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial 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.

The reportable operational segments are Europe, North America, Asia-Pacific and Latin America. 2013 comparative data were restated accordingly together with changes in accounting policies following the adoption of IFRIC Interpretation 21 such as disclosed in note 2.2.1.

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

Information by geographic segment for the periods ending March 31, 2014 and 2013

2014 *(in millions of euros)*	Europe	North America	Asia-Pacific	Latin-America	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended March 31,							
Sales to external customers	1,759.4	972.0	272.9	62.9	**3,067.2**	0.1	**3,067.3**
EBITA [1]	101.0	33.4	7.0	(0.4)	**141.0**	(6.8)	**134.2**
As of March 31,							
Working capital................................	780.7	552.1	184.2	52.5	**1,569.6**	(17.2)	**1,552.4**
Goodwill.......................................	2,625.0	1,213.7	246.8	37.8	**4,123.3**	-	**4,123.3**

2013 [2] *(in millions of euros)*	Europe	North America	Asia-Pacific	Latin-America	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended March 31,							
Sales to external customers	1,731.8	1,069.6	278.8	73.7	**3,153.9**	-	**3,153.9**
EBITA [1]	98.4	47.0	7.9	0.1	**153.5**	(10.3)	**143.2**
As of December 31,							
Working capital................................	614.5	509.3	141.7	46.9	**1,312.4**	(17.8)	**1,294.6**
Goodwill.......................................	2,619.6	1,230.0	224.7	37.0	**4,111.2**	-	**4,111.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
(2) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

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 March 31,** **2014**	**2013 [1]**
EBITA - Total Group.......................................	**134.2**	**143.2**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(4.1)	(4.7)
Other income and other expenses.....................................	(18.7)	(10.2)
Net financial expenses...	(46.3)	(68.9)
Share of profit/(loss) of associates....................................	-	(0.7)
Group consolidated income before income tax..............	**65.1**	**58.6**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

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

(in millions of euros)	As of March 31, **2014**	As of December 31, **2013 (1)**
Working capital	1,552.4	1,294.6
Goodwill	4,123.3	4,111.2
Total allocated assets & liabilities	**5,675.7**	**5,405.8**
Liabilities included in allocated working capital	2,484.2	2,625.3
Other non-current assets	1,353.1	1,368.1
Deferred tax assets	153.8	161.6
Current tax assets	15.8	18.3
Assets classified as held for sale	3.4	3.4
Derivatives	0.7	0.3
Cash and cash equivalents	655.5	957.8
Group consolidated total assets	**10,342.2**	**10,540.5**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	**For the period ended March 31,** **2014**	**2013 (1)**
Personnel costs (salaries & benefits)	376.7	386.7
Building and occupancy costs	71.4	72.7
Other external costs	152.3	153.0
Depreciation expense	19.8	19.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	4.1	4.7
Bad debt expense	9.6	12.1
Total distribution and administrative expenses	**634.0**	**648.7**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1)

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended March 31, 2014	2013
Gains on disposal of tangible assets		0.4	1.2
Write-back asset impairment		-	0.5
Release of unused provisions		0.2	0.6
Other operating income		0.2	-
Total other income		**0.8**	**2.3**
Restructuring costs	(1)	(13.7)	(9.4)
Losses on non-current assets disposed of		(0.2)	(1.0)
Impairment of goodwill and fixed assets		(0.2)	(0.1)
Acquisition related costs	(2)	(5.0)	(0.6)
Other operating expenses		(0.5)	(1.3)
Total other expenses		**(19.5)**	**(12.5)**

(1) In the first quarter of 2014, restructuring costs were incurred in connection with logistic reorganizations and branch network optimization programs in Europe (mainly in Germany and in the UK) and in the United-States. In the first quarter of 2013, restructuring costs were mainly related to programs in Europe, in particular in Spain, Sweden, France, Germany and in The Netherlands.

(2) In the first quarter of 2014, acquisition costs are associated with acquisitions completed in the accounting period and professional fees incurred in connection with various investment projects.

7. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended March 31, 2014	2013
Interest income on cash and cash equivalents	0.6	(0.0)
Interest income on receivables and loans	0.6	0.3
Financial income	**1.3**	**0.3**
Interest expense on financial debt (stated at amortized cost)	(42.0)	(45.5)
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	0.3	0.4
Foreign exchange gain (loss)	(0.2)	18.0
Change in fair value of exchange rate derivatives through profit and loss	(0.3)	(15.0)
Change in fair value of interest rate derivatives through profit and loss	(1.1)	2.2
Interest expense on borrowings	**(43.2)**	**(39.9)**
Non-recurring refinancing costs	**-**	**(23.5)** (1)
Net financial expense on employee benefit obligations	(2.3)	(3.5)
Others	(2.0)	(2.4)
Other financial expenses	**(4.3)**	**(5.8)**
Net financial expenses	**(46.3)**	**(68.9)**

(1) Loss related to the refinancing transactions, such as disclosed in note 20.1.2 in consolidated financial statements as of December 31, 2013, including the redemption premium, and the write-back of transaction fees after deducting fair value hedge adjustments.

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 2014 financial year to the interim income before taxes and share of profit (loss) in associates. The effective tax rate for the period ending March 31, 2014 is 33.7%, compared with 32.2%[1] for the period ended March 31, 2013.

[1] such as restated for the adoption of IFRIC interpretation 21 “Levies”

9. | 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 March 31,	
	2014	**2013 [2]**
***Net income attributed to ordinary shareholders** (in millions of euros)*	***43.1***	***39.7***
Weighted average number of ordinary shares (*in thousands*)	281,505	269,696
Non dilutive potential shares (in thousands)	1,615	1,604
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***283,120***	***271,300***
Basic earning per share (in euros)	**0.15**	**0.15**
***Net income attributed to ordinary shareholders** (in millions of euros)*	***43.1***	***39.7***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	283,120	271,300
Potential dilutive shares (in thousands)	2,853	2,443
- of which share options (in thousands)	*129*	*146*
- of which bonus shares (in thousands) [1]	*2,725*	*2,297*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***285,973***	***273,743***
Fully diluted earnings per share	**0.15**	**0.15**

[1] The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance.

[2] Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1)

10. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of March 31, 2014, the major Group’s defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended March 31, 2014, actuarial losses after tax of €3.0 million were recognized in other comprehensive income (gains of €10.9 million in March 2013) resulting from the decrease in the discount rate as of March 31, 2014 for the Canadian defined benefit plan as compared to December 31, 2013, partially compensated by the positive return on plan assets.

They are as follow:

Discount rate (in %)	As of March 2014	As of December 2013	As of March 2013
Netherland	3.25	3.25	3.25
United Kingdom	4.50	4.50	4.94
Canada	4.50	4.75	4.00
Switzerland	2.00	2.00	1.75

11. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2014. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

11.1 | Net financial debt

	As of March 31, 2014			As of December 31, 2013		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Senior Notes	-	1,857.0	1,857.0	-	1,835.6	1,835.6
Securitization	-	930.4	930.4	-	1,067.5	1,067.5
Bank loans	61.0	8.6	69.6	35.6	19.2	54.8
Commercial paper	127.1	-	127.1	119.1	-	119.1
Bank overdrafts and other credit facilities	58.5	-	58.5	54.3	-	54.3
Finance lease obligations	8.1	21.9	30.0	7.3	24.7	32.0
Accrued interests [1]	35.8	-	35.8	11.6	-	11.6
Less transaction costs	(11.4)	(35.8)	(47.2)	(11.2)	(38.8)	(50.0)
Total financial debt and accrued interest	***279.1***	***2,782.1***	***3,061.2***	***216.7***	***2,908.2***	***3,124.9***
Cash and cash equivalents			(655.5)			(957.8)
Accrued interest receivables			(5.4)			-
Debt hedge derivatives			5.0			25.1
Net financial debt			**2,405.3**			**2,192.2**

(1) Of which accrued interests on Senior Notes for €31.8 million as of March 31, 2014 (€4.6 million as of December 31, 2013).

11.1.1 | Senior Facility Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the “Senior Facility Agreement”) with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.

Under the Senior Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as of December 31 and June 30 of each year.

As of March 31, 2014, Rexel complied with this covenant such as calculated as of December 31, 2013, and did not draw down this facility.

11.1.2 | Senior notes

As of March 31, 2014, the carrying amount of the existing senior notes is detailed as follows:

	As of March 31, 2014					As of December 31, 2013				
	Nominal amount *(in millions of currency)*		Nominal amount *(in millions of euros)*	Fair value adjust-ments	Total	Nominal amount *(in millions of currency)*		Nominal amount *(in millions of euros)*	Fair value adjust-ments	Total
Senior notes due 2018	EUR	488.8	488.8	4.5	**493.3**	EUR	488.8	488.8	(0.3)	**488.5**
Senior notes due 2019	USD	500.0	362.6	(9.2)	**353.4**	USD	500.0	362.6	(11.5)	**351.1**
Senior notes due 2020	USD	500.0	362.6	(5.8)	**356.8**	USD	500.0	362.6	(8.6)	**354.0**
Senior notes due 2020	EUR	650.0	650.0	3.4	**653.4**	EUR	650.0	650.0	(7.9)	**642.1**
TOTAL			1,864.1	(7.1)	**1,857.0**			1,863.9	(28.3)	**1,835.6**

11.1.3 | Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

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

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of March 31, 2014, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

Program	Commitment	Amount of receivables assigned as of March 31, 2014	Amount drawn down as of March 31, 2014	Balance as of March 31, 2014	Balance as of December 31, 2013	Repayment
		(in millions of currency)		*(in millions of euros)*		
2011 - Europe and Australia	EUR 425.0	EUR 483.9	EUR 357.4	357.4	402.4	12/16/2016
United States	USD 470.0	USD 601.3	USD 436.5	316.6	326.3	12/18/2015
Canada	CAD 190.0	CAD 242.1	CAD 162.8	106.9	129.5	11/17/2017
2013 - Europe	EUR 384.0	EUR 384.4	EUR 253.6	253.6	308.0	12/19/2018
TOTAL				**1,034.5**	**1,166.2**	
Of which :	***- on balance sheet:***			***930.4***	***1,067.5***	
	- off balance sheet (US Ester program) :			***104.1***	***98.7***	

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of March 31, 2014, the total outstanding amount authorized for these securitization programs was €1,274.7 million, of which €1,034.5 million were used.

11.1.4 | 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 March 31, 2014, the company had issued €127.1 million of commercial paper (€119.1 million as of December 31, 2013).

11.2 | Change in net financial debt

As of March 31, 2014 and March 31, 2013, the change in net financial debt was as follows:

(in millions of euros)	For the period ended March 31, 2014	2013
As of January 1,	**2,192.0**	**2,599.2**
Net change in term loan facilities	-	(25.9)
Transaction costs and refinancing costs	-	(13.9)
Net change in bank loans and bank overdrafts	41.2	168.7
Net change in credit facilities	**41.2**	**128.9**
Net change in securitization	(138.2)	(95.0)
Net change in finance lease liabilities	(1.6)	(42.3)
Net change in financial liabilities	***(98.6)***	***(8.4)***
Change in cash and cash equivalents	306.2	50.3
Translation differences	(4.5)	30.7
Effect of changes in consolidation scope on gross indebtedness	6.1	(0.0)
Amortization of transaction costs	2.8	4.8
Non recurring refinancing costs	-	23.5
Other changes [(1)]	1.3	34.3
As of March 31,	**2,405.3**	**2,734.4**

[(1)] Of which in 2013, €30.4 million relating to the settlement of interest swaps qualified as fair value hedge on the Senior notes due 2016.

11.3 | Liquidity risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros) ***Due within***	**As of March 31, 2014**	**As of December 31, 2013**
One year	290.4	227.9
Two years	228.1	252.2
Three years	364.4	411.5
Four years	604.4	134.3
Five years	608.7	798.2
Thereafter	1,012.3	1,350.9
Total financial debt	**3,108.3**	**3,174.9**
Transaction costs	(47.2)	(50.0)
Financial debt	**3,061.2**	**3,124.9**

The senior notes issued in May 2011, whose nominal value amounts to €488.8 million, mature in December 2018, the US$500 million senior notes issued in April 2012 mature in December 2019, and the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Credit Agreement was refinanced in March 2013. The Senior Facility Agreement and the Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million (see note 11.1.1).

Lastly, securitization programs mature in 2015, 2016, 2017 and 2018. 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.

As of March 31, 2014, the Group's liquidity amounted to €1,569.9 million (€1,884.3 million as of December 2013), in excess of €1,279.5 million compared to €290.4 million expected to be paid within the next twelve months with respect to debt repayment :

(in millions of euros)	**As of March 31, 2014**	**As of December 31, 2013**
Cash and cash equivalents	655.5	957.8
Bank overdrafts	(58.5)	(54.3)
Commercial paper	(127.1)	(119.1)
Undraw n Senior credit agreement	1,100.0	1,100.0
Others	-	(0.2)
Liquidity	**1,569.9**	**1,884.3**

12. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As at March 31, 2014, the Group held the following classes of financial instruments measured at fair value:

	March 31, 2014		December 31, 2013		
	Carrying amount	*Fair value*	Carrying amount	*Fair value*	IFRS7 Hierarchy
Financial assets					
Hedging derivatives	8.2	8.2	-	-	Level 2
Other derivatives	0.6	0.6	0.3	0.3	Level 2
Financial liabilities					
Bonds	1,857.0	1,982.5	1,835.6	1,961.1	NA
Hedging derivatives	13.4	13.4	25.5	25.5	Level 2
Other derivatives	11.2	11.2	9.6	9.6	Level 2

IFRS hierarchy:

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

Valuation techniques:

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Interest rate swaps are measured using present value techniques based on observable interest yield curves. The Group also takes into account the counterparties credit risk for derivative assets or the Group's own credit risk for derivatives liabilities.

13. | 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 the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

14. | LITIGATION

For the period ended March 31, 2014, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2013 with a significant impact on Rexel's financial position or profitability.

15. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after March 31, 2014 that would have a significant impact on Rexel's financial situation.