Condensed consolidated interim financial statements as of September 30, 2014

Société *Anonyme* (corporation)
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Condensed consolidated interim financial statements as of September 30, 2014 *(unaudited)*

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended September 30, 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 September 30, 2014, the French version will prevail.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	***Note***	For the quarter ended September 30, **2014**	For the quarter ended September 30, **2013** (1)	For the period ended September 30, **2014**	For the period ended September 30, **2013** (1)
Sales	***4***	3,325.6	3,255.1	9,613.2	9,723.8
Cost of goods sold		(2,532.4)	(2,471.1)	(7,270.2)	(7,347.8)
Gross profit		**793.2**	**783.9**	**2,343.0**	**2,376.0**
Distribution and administrative expenses	***5***	(629.3)	(609.8)	(1,889.1)	(1,896.5)
Operating income before other income and expenses		**163.9**	**174.1**	**453.9**	**479.5**
Other income	***6***	1.1	4.2	4.4	7.0
Other expenses	***6***	(16.9)	(16.4)	(77.8)	(101.8)
Operating income		**148.1**	**162.0**	**380.5**	**384.8**
Financial income		1.0	1.0	3.6	2.2
Interest expense on borrowings		(40.9)	(41.3)	(127.2)	(124.1)
Refinancing costs		-	-	-	(23.5)
Other financial expenses		(5.1)	(6.0)	(14.9)	(18.1)
Net financial expenses	***8***	***(45.0)***	***(46.3)***	***(138.5)***	***(163.5)***
Share of profit / (loss) of associates		-	0.3	-	0.4
Net income before income tax		**103.1**	**116.0**	**242.0**	**221.6**
Income tax	***9***	(36.0)	(37.7)	(84.5)	(71.9)
Net income		**67.1**	**78.3**	**157.5**	**149.7**
Portion attributable:					
to the Group		*67.3*	*78.0*	*157.8*	*149.3*
to non-controlling interests		*(0.3)*	*0.3*	*(0.3)*	*0.4*
Earnings per share:					
Basic earnings per share (in euros)	***12***	*0.23*	*0.28*	*0.55*	*0.54*
Fully diluted earnings per share (in euros)	***12***	*0.23*	*0.27*	*0.55*	*0.53*

(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)*

(in millions of euros)	For the quarter ended September 30, 2014	For the quarter ended September 30, 2013 [1]	For the period ended September 30, 2014	For the period ended September 30, 2013 [1]
Net income	**67.1**	**78.3**	**157.5**	**149.7**
Items to be reclassified to profit and loss in subsequent periods:				
Net gain / (loss) on net investment hedges	(61.9)	21.4	(71.4)	27.6
Income tax	21.3	(7.3)	24.6	(9.5)
	(40.6)	14.1	(46.8)	18.2
Foreign currency translation adjustment	137.1	(46.8)	177.0	(126.5)
Income tax	(20.7)	8.7	(23.2)	2.0
	116.5	(38.1)	153.7	(124.5)
Net gain / (loss) on cash flow hedges	0.4	0.2	0.4	2.3
Income tax	(0.1)	(0.1)	(0.1)	(0.8)
	0.3	0.1	0.3	1.5
Items not to be reclassified to profit and loss in subsequent periods:				
Remeasurements of net defined benefit liability	(30.6)	12.1	(68.8)	76.0
Income tax	3.3	(4.3)	4.9	(13.4)
	(27.3)	7.8	(63.9)	62.6
Other comprehensive income / (loss) for the period, net of tax	*48.8*	*(16.1)*	*43.3*	*(42.2)*
Total comprehensive income for the period, net of tax	**116.0**	**62.2**	**200.8**	**107.5**
Portion attributable:				
to the Group	*115.5*	*62.1*	*200.5*	*107.3*
to non-controlling interests	*0.4*	*0.1*	*0.3*	*0.2*

[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 September 30, 2014**	**As of December 31, 2013 (1)**
Assets			
Goodwill		4,242.3	4,111.2
Intangible assets		1,073.2	1,038.3
Property, plant and equipment		282.5	278.1
Long-term investments		48.7	51.7
Deferred tax assets		139.8	161.6
Total non-current assets		**5,786.5**	**5,640.9**
Inventories		1,489.9	1,389.5
Trade accounts receivable		2,431.2	2,062.8
Current tax assets		11.0	18.3
Other accounts receivable		503.7	467.8
Assets classified as held for sale		3.8	3.4
Cash and cash equivalents	***15.1***	623.7	957.8
Total current assets		**5,063.3**	**4,899.7**
Total assets		**10,849.8**	**10,540.5**
Equity			
Share capital		1,467.5	1,416.7
Share premium		1,609.7	1,510.8
Reserves and retained earnings		1,245.8	1,289.5
Total equity attributable to equity holders of the parent		**4,323.0**	**4,217.0**
Non-controlling interests		7.1	10.1
Total equity		**4,330.1**	**4,227.1**
Liabilities			
Interest bearing debt (non-current part)	***15.1***	3,003.3	2,908.2
Net employee defined benefit liabilities		319.2	243.4
Deferred tax liabilities		158.0	172.1
Provision and other non-current liabilities		95.3	108.0
Total non-current liabilities		**3,575.8**	**3,431.7**
Interest bearing debt (current part)	***15.1***	261.3	205.2
Accrued interest	***15.1***	35.4	11.6
Trade accounts payable		2,009.4	2,009.9
Income tax payable		37.4	37.2
Other current liabilities		600.4	617.9
Total current liabilities		**2,943.9**	**2,881.7**
Total liabilities		**6,519.7**	**6,313.4**
Total equity and liabilities		**10,849.8**	**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 quarter ended September 30, 2014	For the quarter ended September 30, 2013 [1]	For the period ended September 30, 2014	For the period ended September 30, 2013 [1]
Cash flows from operating activities					
Operating income		148.1	162.0	380.5	384.8
Depreciation, amortization and impairment of assets	*5 - 6*	25.1	23.7	102.6	123.7
Employee benefits		(9.4)	(9.3)	(16.7)	(21.6)
Change in other provisions		3.2	(0.5)	(3.2)	(4.9)
Other non-cash operating items		3.4	4.1	8.8	11.5
Interest paid		(39.4)	(40.4)	(115.5)	(129.0)
Income tax paid		(17.2)	(22.9)	(68.4)	(80.7)
Operating cash flows before change in working capital requirements		***113.8***	***116.7***	***288.1***	***283.8***
Change in inventories		(32.8)	(52.3)	(30.3)	(39.9)
Change in trade receivables		(80.9)	(44.0)	(266.7)	(181.4)
Change in trade payables		10.3	34.6	(83.5)	6.5
Change in other working capital items		(16.4)	(21.4)	(35.2)	(42.2)
Change in working capital requirements		***(119.8)***	***(83.0)***	***(415.7)***	***(257.0)***
Net cash from operating activities		**(6.0)**	**33.7**	**(127.6)**	**26.7**
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(26.0)	(24.1)	(75.7)	(68.2)
Proceed from disposal of tangible and intangible assets		1.5	0.7	3.8	19.9
Acquisition of subsidiaries, net of cash acquired	*3*	(16.6)	0.5	(28.3)	(2.5)
Change in long-term investments		6.1	(2.8)	9.0	(1.9)
Net cash from investing activities		**(35.1)**	**(25.7)**	**(91.2)**	**(52.7)**
Cash flows from financing activities					
Issuance of capital		(0.4)	(0.4)	0.3	0.4
Disposal / (Purchase) of treasury shares		(27.4)	2.8	(30.2)	2.5
Acquisition of non-controlling interests	*3.2*	(12.1)	-	(12.5)	-
Issuance of senior notes net of transaction costs		-	-	-	1 025.2
Buy-out of senior notes due 2016		-	-	-	(640.3)
Settlement of interest rate swaps qualified as fair value hedge		4.7	-	4.7	30.4
Net change in credit facilities and other financial borrowings	*15.2*	32.8	(86.9)	46.5	(54.4)
Net change in securitization	*15.2*	14.7	11.3	(64.0)	(44.8)
Net change in finance lease liabilities	*15.2*	(0.4)	(1.9)	(3.7)	(46.0)
Dividends paid		(65.6)	(53.0)	(65.6)	(53.1)
Net cash from financing activities		**(53.6)**	**(128.2)**	**(124.5)**	**219.9**
Net (decrease) / increase in cash and cash equivalents		**(94.6)**	**(120.2)**	**(343.3)**	**193.9**
Cash and cash equivalents at the beginning of the period		716.6	604.4	957.8	291.9
Effect of exchange rate changes on cash and cash equivalents		1.8	(2.5)	9.2	(4.1)
Cash and cash equivalents at the end of the period		**623.7**	**481.7**	**623.7**	**481.7**

[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 Changes in 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 equity holders of the parent	Non-controlling interests	TOTAL EQUITY
For the period ended September 30, 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		-	-	149.3	-	-	-	**149.3**	0.4	149.7
Other comprehensive income		-	-	-	(106.1)	1.5	62.6	**(42.0)**	(0.2)	(42.2)
Total comprehensive income for the period		**-**	**-**	**149.3**	**(106.1)**	**1.5**	**62.6**	**107.3**	**0.2**	**107.5**
Appropriation of net income		-	-	(203.1)	-	-	-	**(203.1)**	(0.1)	(203.2)
Share capital increase		55.7	90.0	4.9	-	-	-	**150.6**	-	150.6
Share-based payments		-	-	12.0	-	-	-	**12.0**	-	12.0
Disposal / (Purchase) of treasury shares		-	-	2.2	-	-	-	**2.2**	-	2.2
As of September 30, 2013 (1)		**1,415.3**	**1,508.3**	**1,312.3**	**32.7**	**(1.5)**	**(86.3)**	**4,180.8**	**8.3**	**4,189.2**
For the period ended September 30, 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		-	-	157.8	-	-	-	**157.8**	(0.3)	157.5
Other comprehensive income		-	-	-	106.3	0.3	(63.9)	**42.7**	0.6	43.3
Total comprehensive income for the period		**-**	**-**	**157.8**	**106.3**	**0.3**	(63.9)	**200.5**	**0.3**	**200.8**
Appropriation of net income	**11**	-	-	(211.9)	-	-	-	**(211.9)**	-	(211.9)
Share capital increase	**10**	50.8	98.9	(2.9)	-	-	-	**146.8**	-	146.8
Share-based payments		-	-	9.9	-	-	-	**9.9**	-	9.9
Acquisition of non-controlling interests	***3.2***	-	-	(9.2)	-	-	-	**(9.2)**	(3.3)	(12.5)
Disposal / (Purchase) of treasury shares		-	-	(30.2)	-	-	-	**(30.2)**	-	(30.2)
As of September 30, 2014		**1,467.5**	**1,609.7**	**1,291.3**	**84.9**	**(1.4)**	**(129.0)**	**4,323.0**	**7.1**	**4,330.1**

(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 September 30, 2014 and were authorized for issue by the Board of Directors on October 28, 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 September 30, 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 September 30, 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 September 30, 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 rounding effect.

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

Adoption of 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 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 September 30, 2013 was a decrease of respectively €1.8 million and €1.2 million. Prior year comparative information was restated accordingly.

Amended standards

Effective as of 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.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 Financial Instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new Standard will come into effect as of January 1, 2018 with early application permitted.

- 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.

- IFRS 15 "Revenue from Contracts with Customers": the new standard supersedes IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new Standard will come into effect as of January 1, 2017 with early application permitted.

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", entitled "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture": the amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business as defined in IFRS 3, even if these assets are housed in a subsidiary.

3. | BUSINESS COMBINATION

3.1 | Business combinations

As part of Rexel's external growth policy, the Group completed the following acquisitions in the first nine months of 2014:

- Esabora Digital Services on January 7, 2014, based in France. This company is specialized in editing advanced software tools for electrical contractors and installers,
- AMP Ingenieros SAS on March 28, 2014, a Peruvian distributor of international branded electrical supplies,
- Elevite AG on July 29, 2014, a Swiss based lighting solutions distributor,
- Astrotek Ireland Limited on July 31, 2014, a specialist lighting company.

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

The table below shows the purchase price allocation to identifiable assets and liabilities, estimated on a provisional basis as of September 30, 2014, for the entities acquired in 2014 and those acquired in late 2013 and consolidated as of January 1, 2014.

Net assets acquired and consideration transferred of acquisitions consolidated for the period ended September 30, 2014 *(in millions of euros)*	
Other fixed assets	6.3
Other non current assets	0.8
Current assets	29.1
Net financial debt	(0.6)
Other non current liabilities	(3.0)
Current liabilities	(15.3)
Net asset acquired (except goodwill acquired)	**17.3**
Goodwill acquired	32.0
Consideration transferred	**49.3**
Cash acquired	(7.5)
Deferred payments	(2.6)
Net cash paid for acquisitions	**39.1**
Payments in 2013 (1)	(10.9)
Net cash paid for the period	**28.3**

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

3.2 | Acquisition of non-controlling interests

On July 10, 2014, Rexel exercised a call option to acquire the remaining 30% ownership interest in the holding company of Huazhang Electric Automation, a 70% owned subsidiary based in China, for a consideration of €12.1 million.

3.3 | Share Purchase Commitment

On July 11, 2014, the Group entered simultaneously into an equity transfer agreement and a joint venture contract to purchase a 55% controlling interest in Beijing Ouneng Tongxing Technology Co. Ltd., an automation distributor based in China. Completion of these agreements is subject to certain conditions precedent and is expected to take place in 2014. The consideration transferred is comprised of an initial payment of RMB25 million (c. €3.2 million) and a second payment depending on completion accounts of the acquiree. These agreements also provide for a call option for the remaining interests exercisable by Rexel in the period of April 1, 2018 to July 31, 2018.

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 Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

Information by geographic segment for the periods ending September 30, 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 quarter ended September 30,							
Sales to external customers................	1,764.6	1,176.2	319.5	65.2	**3,325.5**	0.1	**3,325.6**
EBITA [1]..	112.5	57.3	9.4	(1.3)	**177.8**	(9.9)	**167.9**
Goodwill impairment..........................	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**

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 quarter ended September 30,							
Sales to external customers................	1,736.6	1,134.2	312.0	72.3	**3,255.1**	-	**3,255.1**
EBITA [1]..	112.6	63.0	13.6	0.0	**189.3**	(11.3)	**178.0**
Goodwill impairment..........................	-	-	-	-	**-**	-	**-**

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 September 30,							
Sales to external customers	5,272.6	3,257.3	892.0	191.1	**9,613.0**	0.2	**9,613.2**
EBITA [1]	321.0	148.0	25.6	(1.9)	**492.7**	(26.9)	**465.8**
Goodwill impairment..........................	(6.3)	-	-	(24.0)	**(30.2)**	-	**(30.2)**
As of September 30,							
Working capital................................	881.5	666.2	218.3	51.5	**1,817.5**	(7.3)	**1,810.2**
Goodwill.......................................	2,647.3	1,324.3	255.8	14.8	**4,242.3**	-	**4,242.3**

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 September 30,							
Sales to external customers	5,225.6	3,358.4	914.8	225.0	**9,723.8**	-	**9,723.8**
EBITA [1]	318.2	176.0	37.7	1.1	**533.1**	(37.7)	**495.4**
Goodwill impairment..........................	(44.0)	-	-	-	**(44.0)**	-	**(44.0)**
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 quarter ended September 30, 2014	2013 (1)	For the period ended September 30, 2014	2013 (1)
EBITA - Total Group	**167.9**	**178.0**	**465.8**	**495.4**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(4.0)	(3.8)	(11.9)	(15.8)
Other income and other expenses	(15.8)	(12.2)	(73.4)	(94.8)
Net financial expenses	(45.0)	(46.3)	(138.5)	(163.5)
Share of profit/(loss) of associates	-	0.3	-	0.4
Group consolidated income before income tax	**103.1**	**116.0**	**242.0**	**221.6**

(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 September 30, 2014	As of December 31, 2013 (1)
Working capital	1,810.2	1,294.6
Goodwill	4,242.3	4,111.2
Total allocated assets & liabilities	**6,052.5**	**5,405.8**
Liabilities included in allocated working capital	2,608.6	2,625.3
Accrued interest receivables	5.4	-
Other non-current assets	1,404.4	1,368.1
Deferred tax assets	139.8	161.6
Current tax assets	11.0	18.3
Assets classified as held for sale	3.8	3.4
Derivatives	0.6	0.3
Cash and cash equivalents	623.7	957.8
Group consolidated total assets	**10,849.8**	**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 September 30, 2014	2013 (1)
Personnel costs (salaries & benefits)	1,136.7	1,139.6
Building and occupancy costs	204.3	205.5
Other external costs	454.8	450.1
Depreciation expense	60.4	58.6
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	11.9	15.8
Bad debt expense	21.1	26.9
Total distribution and administrative expenses	**1,889.1**	**1,896.5**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended September 30, 2014	2013
Gains on disposal of tangible assets	2.2	1.8
Write-back asset impairment	0.1	0.7
Release of unused provisions	0.5	1.1
Gains on earn-out	1.6	-
Other operating income	0.1	3.4
Total other income	**4.4**	**7.0**
Restructuring costs	(36.0)	(44.0)
Losses on non-current assets disposed of	(1.6)	(2.3)
Impairment of goodwill and fixed assets	(30.5)	(50.0)
Acquisition related costs	(7.8)	(1.6)
Other operating expenses	(1.8)	(3.9)
Total other expenses	**(77.8)**	**(101.8)**

6.1 | Other Income

Other operating income

For the period ended September 30, 2013, a settlement gain of €3.3 million has been recognized following the wind-up of the Irish defined benefit pension scheme and the implementation of a defined contribution plan.

6.2 | Other expenses

Restructuring costs

Restructuring costs are mainly associated with logistics reorganization and branch network optimization. For the period ended September 30, 2014, restructuring costs of €36.0 million were incurred mainly in Europe (Germany, France, the United-Kingdom) and North America (mainly the United States).

For the period ended September 30, 2013, restructuring costs of €44.0 million were mainly related to Europe (the United-Kingdom, France, Sweden, Spain, The Netherlands and Germany).

Goodwill and assets impairment

For the period ended September 30, 2014, a goodwill impairment was recognized for €30.2 million, of which €24.0 million attributable to Brazil, €3.4 million to Slovakia and €2.7 million to Luxembourg (see note 7).

For the period ended September 30, 2013, the €44.0 million goodwill impairment was attributable to The Netherlands (€42.8 million) and to Spain (€1.2 million). In addition, IT assets were retired and written-back for an amount of €5.7 million in The Netherlands.

Acquisitions related costs

For the period ended September 30, 2014, acquisition costs are associated with acquisitions completed in the period and professional fees incurred in connection with some investment projects.

Other operating expenses

For the period ended September 30, 2013, other operating expenses mainly included the early settlement of an incentive scheme granted to senior executives in Brazil and corporate headquarters relocation expenses.

7. | GOODWILL IMPAIRMENT

Goodwill is tested for impairment annually (as of December 31) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The Group considers the actual level of performance compared to the current year budget of cash-generating units (CGUs) when reviewing for indicators of impairment. In this respect, management carried-out an impairment test as of June 30, 2014 limited to the cash-generating units showing a value-in-use close to their carrying value as of December 31, 2013.

As a result of this analysis, management has recognized an impairment expense of €30.2 million (see note 6) against goodwill (€44.0 million for the period ended September 30, 2013). This impairment is relating to Brazil for €24.0 million, to Slovakia for €3.4 million and to Luxembourg for €2.7 million. In Brazil, the impairment reflected the continuous slowdown and uncertain outlook of the economy leading to branch network resizing.

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

- EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the group with similar profile. EBITA margin is set in increments of 50 base points.

- Discount rates : unchanged as compared to December 31, 2013.

- Perpetual growth rates : unchanged as compared to December 31, 2013.

Sensitivity analysis

The table below summarizes the sensitivity analysis as of June 30, 2014 by CGU on EBITA margin, discount rate and perpetual growth rate:

	Goodwill & intangible assets after impairment[(1)]	**EBITA margin** ***(-50 bps)***	**Discount rate** ***(+50 bps)***	**Perpetual growth rate** ***(-50 bps)***
The Netherlands	76.6	(13.3)	(10.0)	(7.0)
Brazil	4.0	(5.0)	(2.5)	(0.6)
Other tested CGU	56.1	(5.9)	(2.3)	(1.4)

(1) Intangible assets with an indefinite useful life

8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended September 30, 2014	2013
Interest income on cash and cash equivalents ………………………………	2.4	1.1
Interest income on receivables and loans ……………………………………	1.2	1.1
Financial income ………………………………………………………	**3.6**	**2.2**
Interest expense on financial debt (stated at amortized cost)………………	(127.9)	(135.0)
Interest expense on interest rate derivatives…………………………………	7.7	3.2
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement………	0.2	1.1
Foreign exchange gain (loss) ………………………………………………	(0.8)	3.6
Change in fair value of exchange rate derivatives through profit and loss..	0.1	(2.7)
Change in fair value of interest rate derivatives through profit and loss …	(6.6)	5.8
Interest expense on borrowings ……………………………………	**(127.2)**	**(124.1)**
Non-recurring refinancing costs ……………………………………	**-**	**(23.5)** [(1)]
Net financial expense on employee benefit obligations………………………	(7.7)	(9.5)
Others………………………………………………………………………………	(7.2)	(8.6)
Other financial expenses …………………………………………………	**(14.9)**	**(18.1)**
Net financial expenses	**(138.5)**	**(163.5)**

[(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.

9. | 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 ended September 30, 2014 is 34.9%, as compared to 32.5%[(1)] for the period ended September 30, 2013.

[(1)] such as restated for the adoption of IFRIC interpretation 21 "Levies"

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 share premium:

	Number of Shares	Share capital	Share premium
		(in millions of euros)	
As of January 1, 2013	**271,923,229**	**1,359.6**	**1,418.3**
Exercise of share subscription rights	34,276	0.2	-
Issuance of shares in connection with payments of dividends	10,287,149	51.4	98.2
Employee share purchase plan	302,870	1.5	2.0
Issuance of shares in connection with free shares plan	789,690	3.9	-
Allocation of free shares	-	-	(13.8)
Free shares cancelled	-	-	6.1
As of December 31, 2013	**283,337,214**	**1,416.7**	**1,510.8**
Exercise of share subscription rights	13,300	0.1	-
Issuance of shares in connection with payments of dividends	9,269,384	46.3	99.5
Employee share purchase plan	35,237	0.2	0.5
Issuance of shares in connection with free shares plans	846,741	4.2	-
Allocation of free shares	-	-	(8.2)
Free shares cancelled	-	-	7.1
As of September 30, 2014	**293,501,876**	**1,467.5**	**1,609.7**

Treasury shares

On September 30, 2014, Rexel held 3,494,233 treasury shares (1,670,202 as of December 31, 2013) that were recognized as a reduction in shareholders' equity, for an amount of €48.9 million (€22.1 million as of December 31, 2013).

11. | DIVIDEND

On May 22, 2014, the Shareholders' Meeting approved the distribution of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €15.78, at the option of each shareholder. The distribution of dividend was effective on July 2, 2014.

(in millions of euros)	For the period ended September 30, 2014	2013
Dividends on ordinary shares	€ 0.75	€ 0.75
Dividends paid	**211.9**	**203.1**
of which: - dividends paid in cash	65.6	53.0
- dividends paid in shares	146.3	150.1

12. | 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 September 30,	
	2014	**2013 (2)**
Net income attributed to ordinary shareholders *(in millions of euros)*...........	***157.8***	***149.3***
Weighted average number of ordinary shares (*in thousands*)	284,844	273,767
Potential dilutive shares resulting from the dividend payment in shares (in thousands).	434	1,858
Non dilutive potential shares (in thousands)	1,382	1,609
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***286,660***	***277,234***
Basic earning per share (in euros)	**0.55**	**0.54**
Net income attributed to ordinary shareholders *(in millions of euros)*	***157.8***	***149.3***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	286,660	277,234
Potential dilutive shares (in thousands)	2,801	3,140
- of which share options (in thousands)	*124*	*148*
- of which bonus shares (in thousands) ....(1)	*2,676*	*2,991*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***289,461***	***280,374***
Fully diluted earnings per share (in euros)...	**0.55**	**0.53**

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

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

13. | SHARE BASED PAYMENTS

On May 22, 2014, Rexel entered into free share plans for the members of the Group Executive Committee and key managers amounting to a maximum of 1,641,008 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares:

- two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called “2+2 Plan”,
- three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called “3+2 Plan”,
- four years after the granting date with no subsequent restrictions, the so-called “4+0 Plans”.

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan and also to service and market conditions as described below:

Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013/2015 adjusted EBITA margin increase (ii) average free cash flow before interest and tax / EBITDA between 2014 and 2015 (iii) Rexel share market performance compared to peers		Three year service condition from grant date and performance conditions based on: (i) 2013/2016 adjusted EBITA margin increase (ii) average free cash flow before interest and tax / EBITDA between 2014 and 2016 (iii) Rexel share market performance compared to peers		**Total**
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Share fair value at grant date May 22, 2014	13.49	12.14	12.78	12.11	**12.56**
Maximum number of shares granted on May 22, 2014	353,555	466,949	353,555	466,949	1,641,008
Total maximum number of shares granted as of September 30, 2014	**353,555**	**466,949**	**353,555**	**466,949**	**1,641,008**

The fair value of Rexel’s shares granted to members of the Group Executive Committee and key managers was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the two- or three-year vesting period. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of September 30, 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 September 30, 2014, actuarial losses after tax of €63.9 million were recognized in other comprehensive income (gains after tax of €62.6 million in September 2013) resulting from the decrease in the discount rate as of September 30, 2014 for defined benefit plans as compared to December 31, 2013, partially compensated by the positive return on plan assets.

They are as follow:

Discount rate (in %)	As of September 2014	As of December 2013
United Kingdom	4.00	4.50
Canada	4.00	4.75
Switzerland	1.50	2.00

In The Netherlands, a Collective Defined Contribution (CDC) plan has been implemented as of January 1, 2014 in *lieu et place* of a former Defined Benefit Plan (DB Plan). The CDC arrangement establishes the new contribution formula for all future accruals. The employer risk related to past service has been transferred to the pension fund with increases in accrued benefits being granted solely on the available means in the pension fund. As such, all further legal or constructive obligations for the benefits provided under the DB Plan have been eliminated. There was no impact neither on the balance sheet nor on the profits and losses of the period ended September 30, 2014 associated with the DB Plan derecognition as the net defined benefit obligation liability was nil as of January 1, 2014 (the fair value of the defined benefit liability and the plan assets was €351.5 million).

In the United States, health and life insurance benefits to certain eligible participants were reduced such that, effective January 1, 2015, post-65 retiree medical coverage is available at a higher cost to the participant and life insurance coverage is no longer offered for active members and retirees who are not yet 60 on January 1, 2015. These changes resulted in a gain of €4.8 million recognized in the third quarter of 2014 as a reduction in salaries and benefits.

15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of September 30, 2014. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

15.1 | Net financial debt

As of September 30, 2014, Rexel's consolidated net debt stood at €2,654.8 million, consisting of the following items:

(in millions of euros)	As of September 30, 2014			As of December 31, 2013		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,953.9	1,953.9	-	1,835.6	1,835.6
Securitization	-	1,054.3	1,054.3	-	1,067.5	1,067.5
Bank loans	87.6	5.1	92.6	35.6	19.2	54.8
Commercial paper	116.6	-	116.6	119.1	-	119.1
Bank overdrafts and other credit facilities	60.0	-	60.0	54.3	-	54.3
Finance lease obligations	8.8	20.0	28.8	7.3	24.7	32.0
Accrued interests [1]	35.4	-	35.4	11.6	-	11.6
Less transaction costs	(11.5)	(30.0)	(41.6)	(11.2)	(38.8)	(50.0)
Total financial debt and accrued interest	***296.8***	***3,003.3***	***3,300.1***	***216.7***	***2,908.2***	***3,124.9***
Cash and cash equivalents			(623.7)			(957.8)
Accrued interest receivables			(5.4)			-
Debt hedge derivatives			(16.0)			25.1
Net financial debt			**2,654.9**			**2,192.0**

[1] Of which accrued interests on Senior Notes for €33.0 million as of September 30, 2014 (€4.6 million as of December 31, 2013).

15.1.1 |Senior notes

As of September 30, 2014, the carrying amount of the existing senior notes is detailed as follows:

	As of September 30, 2014					As of December 31, 2013				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [1]	**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	10.7	**499.5**	EUR	488.8	488.8	(0.3)	**488.5**
Senior notes due 2019	USD	500.0	397.4	(8.2)	**389.2**	USD	500.0	362.6	(11.5)	**351.1**
Senior notes due 2020	USD	500.0	397.4	(3.8)	**393.6**	USD	500.0	362.6	(8.6)	**354.0**
Senior notes due 2020	EUR	650.0	650.0	21.7	**671.7**	EUR	650.0	650.0	(7.9)	**642.1**
TOTAL			1,933.5	20.4	**1,953.9**			1,863.9	(28.3)	**1,835.6**

[1] Adjustment to reflect interest rate fluctuations on the hedged part of the notes

15.1.2 |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 September 30, 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 September 30, 2014	Amount drawn down as of September 30, 2014	Balance as of September 30, 2014	Balance as of December 31, 2013	Repayment
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia [1]	EUR 425.0	EUR 438.9	EUR 337.2	337.2	402.4	12/18/2019
United States	USD 470.0	USD 670.9	USD 470.0	373.5	326.3	12/18/2015
Canada	CAD 190.0	CAD 287.5	CAD 190.0	135.2	129.5	11/17/2017
Europe	EUR 384.0	EUR 474.0	EUR 327.7	327.7	308.0	12/19/2018
TOTAL				**1,173.5**	**1,166.2**	
Of which :	***- on balance sheet:***			***1,054.3***	***1,067.5***	
	- off balance sheet (US Ester program) :			***119.2***	***98.7***	

(1) On July 31, 2014, Rexel amended its paneuropean & Australian securitization program and extended the maturity date from December 2016 to 2019

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of September 30, 2014, the total outstanding amount authorized for these securitization programs was €1,317.2 million, of which €1,173.5 million were used.

15.1.3 |Commercial paper program

Rexel runs 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 September 30, 2014, the company had issued €116.6 million of commercial paper (€119.1 million as of December 31, 2013).

15.2 |Change in net financial debt

As of September 30, 2014 and September 30, 2013, the change in net financial debt was as follows:

(in millions of euros)	For the period ended September 30, 2014	2013
As of January 1,	**2,192.0**	**2,599.2**
Issuance of senior notes net of transaction cost	-	1,025.2
Buy-out of senior notes	-	(640.3)
Net change in term loan facilities	-	(25.9)
Transaction costs and refinancing costs	(0.0)	(14.4)
Net change in bank loans and bank overdrafts	46.5	(14.1)
Net change in credit facilities	**46.5**	**330.5**
Net change in securitization	(64.0)	(44.8)
Net change in finance lease liabilities	(3.7)	(46.0)
Net change in financial liabilities	***(21.1)***	***239.7***
Change in cash and cash equivalents	343.3	(193.9)
Effect of exchange rate changes on net financial debt	117.3	(63.2)
Effect of changes in consolidation scope on gross indebtedness	6.1	-
Amortization of transaction costs	8.6	10.8
Non recurring refinancing costs	-	23.5
Other changes (1)	8.7	27.9
As of September 30,	**2,654.8**	**2,643.9**

(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.

15.3 | 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 September 30, 2014	As of December 31, 2013
One year	308.3	227.9
Two years	270.0	252.2
Three years (1)	2.0	411.5
Four years	137.7	134.3
Five years	828.7	798.2
Thereafter	1,795.0	1,350.9
Total financial debt	**3,341.6**	**3,174.9**
Transaction costs	(41.6)	(50.0)
Financial debt	**3,300.1**	**3,124.9**

(1)Maturity date of the paneuropean securitization program extended to 2019 following the amendment executed on July 31, 2014.

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.

On June 26, 2014, Rexel entered into a Revolving Credit Facility agreement with Wells Fargo Bank International for a maximum amount of US$40 million. As of September 30, 2014, this facility was not drawn down.

Lastly, securitization programs mature in 2015, 2017, 2018 and 2019. 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) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

As of September 30, 2014, the Group's liquidity amounted to €1,578.9 million (€1,884.3 million as of December 2013), in excess of €1,270.6 million compared to €308.3 million expected to be paid within the next twelve months with respect to debt repayment:

(in millions of euros)	**As of September 30, 2014**	**As of December 31, 2013**
Cash and cash equivalents	623.7	957.8
Bank overdrafts	(60.0)	(54.3)
Commercial paper	(116.6)	(119.1)
Undrawn Senior credit agreement	1,100.0	1,100.0
Bilateral facility	31.8	-
Others	-	(0.2)
Liquidity	**1,578.8**	**1,884.3**

16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of September 30, 2014, the Group held the following classes of financial instruments measured at fair value:

	September 30, 2014		December 31, 2013		
	Carrying amount	*Fair value*	Carrying amount	*Fair value*	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	27.1	27.1	-	-	Level 2
Other derivatives	0.6	0.6	0.3	0.3	Level 2
Financial liabilities					
Senior notes	1,953.9	2,059.9	1,835.6	1,961.1	Level 1
Hedging derivatives	11.9	11.9	25.5	25.5	Level 2
Other derivatives	12.1	12.1	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.

17. | 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.

18. | LITIGATION

For the period ended September 30, 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.

19. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after September 30, 2014 that would have a significant impact on Rexel's financial situation.