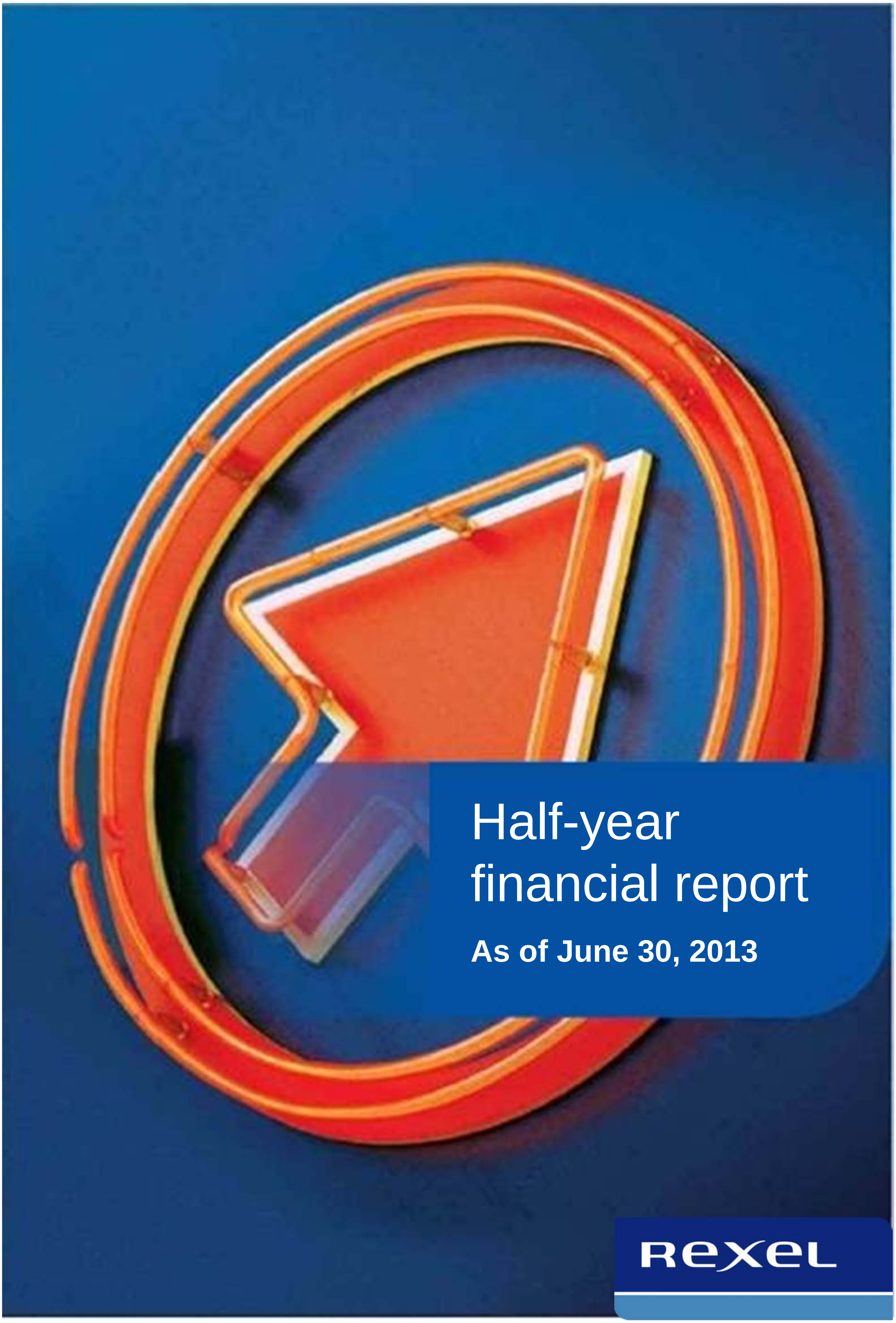

Half-year financial report

As of June 30, 2013

Société Anonyme with Management and Supervisory Boards
with share capital of €1,415,224,865
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Half-year financial report as of June 30, 2013

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I. Activity report

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1. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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

1.1 | Financial position of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America. This geographic segmentation is based on the Group’s financial reporting structure.

In the first half of 2013, the Group recorded consolidated sales of €6,468.8 million, of which €3,489.0 million were generated in Europe (54% of sales), €2,224.3 million in North America (35% of sales), €602.8 million in Asia-Pacific (9% of sales) and €152.8 million in Latin America (2% of sales).

Europe (54% of Group sales) consists of France (which accounts for 35% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

North America (35% of Group sales) consists of the United States and Canada. The United States accounts for 72% of Group sales in this region, and Canada for 28%.

Asia-Pacific (9% of Group sales) consists of Australia, New Zealand, China and India, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam). Australia accounts for 54% of Group sales in this region and China for 28%.

Latin America (2% of Group sales) consists of Brazil, Chile and Peru. Brazil accounts for 62% of Group sales in this region.

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

1.1.2 | Seasonality

Despite the low impact of seasonality on sales, changes in the Group’s working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group’s cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

1.1.3 | Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 15% of the Group’s sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers’ commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated “recurring” and “non-recurring” effect on the Group’s performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

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

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

1.1.4 | Comparability of the Group’s operating results and adjusted EBITA

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

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

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

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

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

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

The Group’s sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the

Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

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

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

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

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

The Group uses the "EBITA" and "adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	Quarter ended June 30,		Period ended June 30,	
(in millions of euros)	2013	2012	2013	2012
Operating income before other income and other expenses	**165.1**	**184.1**	**309.2**	**365.3**
Changes in scope of consolidation		7.5		7.7
Foreign exchange effects		(2.6)		(3.4)
Non-recurring effect related to copper	9.5	2.1	10.7	(4.0)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	7.3	2.6	12.0	5.2
Adjusted EBITA on a constant basis	**182.0**	**193.6**	**331.9**	**370.7**

1.2 | Comparison of financial results as of June 30, 2013 and as of June 30, 2012

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first half of 2013 and 2012, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**3,314.9**	**3,341.1**	**(0.8)%**	**6,468.8**	**6,568.1**	**(1.5)%**
Gross profit	805.0	816.7	(1.4)%	1,592.1	1,626.2	(2.1)%
Distribution and administrative expenses(1)	(632.6)	(630.0)	0.4%	(1,270.9)	(1,255.7)	1.2%
EBITA	**172.4**	**186.7**	**(7.6)%**	**321.2**	**370.5**	**(13.3)%**
Amortization(2)	(7.3)	(2.6)	> 100%	(12.0)	(5.2)	> 100%
Operating income before other income and expenses	**165.1**	**184.1**	**(10.3)%**	**309.2**	**365.3**	**(15.4)%**
Other income and expenses	(72.4)	(49.9)	45.2%	(82.6)	(55.1)	49.9%
Operating income	92.7	134.2	(30.9)%	226.6	310.2	(26.9)%
Financial expenses	(48.3)	(47.7)	1.4%	(117.2)	(97.0)	20.9%
Share of income from associates	0.8	0.5	51.1%	0.1	0.2	(65.1)%
Income taxes	(14.4)	(25.1)	(42.6)%	(35.5)	(62.3)	(42.9)%
Net income	30.8	61.9	(50.3)%	73.9	151.1	(51.1)%
as a % of sales	0.9%	1.9%		1.1%	2.3%	
(1) Of which depreciation and amortization	(19.1)	(18.0)	6.2%	(38.6)	(35.4)	8.9%

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

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**3,314.9**	**3,416.7**	**(3.0)%**	**6,468.8**	**6,785.5**	**(4.7)%**
Same number of working days			*(3.3)%*			*(3.5)%*
Gross profit	814.9	840.6	(3.1)%	1,603.1	1,677.2	(4.4)%
as a % of sales	*24.6%*	*24.6%*		*24.8%*	*24.7%*	
Distribution and administrative expenses	(632.9)	(647.0)	(2.2)%	(1,271.2)	(1,306.5)	(2.7)%
as a % of sales	*(19.1)%*	*(18.9)%*		*(19.7)%*	*(19.3)%*	
EBITA	**182.0**	**193.6**	**(6.0)%**	**331.9**	**370.7**	**(10.5)%**
as a % of sales	***5.5%***	***5.7%***		***5.1%***	***5.5%***	

Sales

In the first half of 2013, Rexel's consolidated sales amounted to €6,468.8 million.

On a reported basis, sales were down 1.5% year-on-year, including a negative currency impact of 1.0% and positive effect from acquisitions of 4.3%.

- The negative impact of currency amounted to €63.0 million, mainly due to British Pound and the US, Canadian and Australian dollars.

- The positive effect from acquisitions amounted to €280.4 million and resulted from previous year acquisitions, of which Europe for €59.5 million (Société Commerciale Toutelectric (SCT) in France, Wilts Electrical Wholesale in the United Kingdom, La Grange in Belgium and Erka in Spain), North America for €203.0 million (Platt Electric Supply and Munro Distributing in the United States), Asia-Pacific for €5.7 million (Luxlight in Singapore) and Latin America for €12.2 million (Dirome in Peru and Etil in Brazil).

On a constant and same number of working days basis, sales decreased by 3.5%, partially impacted by lower copper-based cable prices and weaker photovoltaic and wind markets. By geography, Europe declined by 5.3%, North America was up by 1.3%, Asia-Pacific posted a drop of 8.9% and in Latin America sales decreased by 4.5%. Excluding the negative impact of 0.8 percentage point due to the lower copper-based cable prices compared to the first half of 2012, sales were down 2.7%, on a constant basis and same number of working days.

On a constant and actual number of working days basis, sales decreased by 4.7% as the calendar impact was negative at 1.2 percentage point.

In the second quarter of 2013, Rexel's consolidated sales amounted to €3,314.9 million.

On a reported basis, sales were down 0.8% year-on-year, including a negative currency impact of -1.3% and a positive contribution from acquisitions of 3.6%.

On a constant and same number of working days basis, sales decreased by 3.3%, reflecting drops in Europe (-5.2%), Asia-Pacific (-7.8%) and Latin America (-5.7%), partially offset by North America up by 1.2%. Excluding the negative impact of 1.0 percentage point due to the lower copper-based cable prices compared to the second quarter of 2012, sales were down 2.3%, on a constant basis and same number of working days.

		Q1	Q2	S1
Growth on a constant basis and same number of working days		(3.7)%	(3.3)%	(3.5)%
Number of working days effect		(2.7)%	0.3%	(1.2)%
Growth on a constant basis and actual number of working days	(a)	*(6.4)%*	*(3.0)%*	*(4.7)%*
Changes in scope effect		5.0%	3.6%	4.3%
Foreign exchange effect		(0.6)%	(1.3)%	(1.0)%
Total scope and currency effects	(b)	*4.4%*	*2.3%*	*3.3%*
Effective growth (a) x (b) (1)		(2.3)%	(0.8)%	(1.5)%

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

Gross profit

In the first half of 2013, gross profit amounted to €1,592.1 million, down 2.1% year-on-year, on a reported basis.

On a constant basis, adjusted gross profit decreased by 4.4% and adjusted gross margin increased by 10 basis points to 24.8% of sales, mainly resulting from continuous implementation of pricing management tools and improved purchasing conditions in Europe and North America.

In the second quarter of 2013, gross profit amounted to €805.0 million, down 1.4% year-on-year, on a reported basis.
On a constant basis, adjusted gross profit decreased by 3.1% and adjusted gross margin remained stable at 24.6% of sales.

Distribution & administrative expenses

In the first half of 2013, distribution and administrative expenses amounted to €1,270.9 million, up 1.2% year-on-year, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.7%, while sales decreased by 4.7% on a constant and actual number of working days. Personnel costs decreased by 2.7%, mainly linked to the 1.9% decrease of number of employees as compared to June 30, 2012 (30,191 employees at the end of June 2013, on a full time equivalent basis). As well as other external expenditures and building and occupancy expenses that declined respectively by 3.7% and 0.5%, reflecting the effect of the 115 branch closures from the first half of 2012, mainly in the United Kingdom, the United States and Australia.

In the second quarter of 2013, distribution and administrative expenses amounted to €632.6 million, up 0.4% year-on-year, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.2%, while sales decreased by 3.0% on a constant and actual number of working days basis.

EBITA

In the first half of 2013, EBITA stood at €321.2 million, down 13.3% year-on-year, on a reported basis.

On a constant basis, adjusted EBITA decreased by 10.5% to €331.9 million and adjusted EBITA margin stood at 5.1% of sales, down 40 basis points year-on-year, of which 20 basis points was attributed to the 1.2% negative calendar impact.

In the second quarter of 2013, EBITA stood at €172.4 million, down 7.6% year-on-year, on a reported basis.
On a constant basis, adjusted EBITA decreased by 6.0% to €182.0 million and adjusted EBITA margin stood at 5.5% of sales, down 20 basis points year-on-year.

Other income and expenses

In the first half of 2013, other income and expenses represented a net expense of €82.6 million, mainly consisting of:

- €44.0 million goodwill impairment, recognized in the second quarter of 2013, of which €42.8 million attributable to The Netherlands as a result of the decreasing demand in electrical supplies and on-going economic uncertainty;

- €29.6 million restructuring costs related to the rationalization of logistics and branch closures in Europe, mainly in Sweden, France, UK, The Netherlands, Germany and in Spain;

In the first half of 2012, other income and expenses represented a net expense of €55.1 million, consisting mainly of:

- €27.4 million goodwill impairment on The Netherlands for €12.6 million and on New Zealand for €14.8 million;
- €20.3 million restructuring costs mainly related to the rationalization of logistics in Germany, The Netherlands and Sweden and to the branch network optimization in the United-Kingdom and New Zealand.

Net Financial income / (expenses)

In the first half of 2013, net financial expenses stood at €117.2 million, as compared to €97.0 million in the first half of 2012, of which €23.5 million non-recurring financial expenses as result of the refinancing of the 8.25% senior notes due 2016 by the €650 million 5.125% senior notes due 2020. Refinancing transactions were designed to extend maturity of the Group financing and reduce their costs. Excluding the impact of the refinancing, net financial expenses stood at €93.7 million, a 3.4% decrease as compared to the first half of 2012.

The effective interest rate was 6.6% in the first half of 2013 (7.7% in the first half of 2012) and 6.7% in the second quarter of 2013 (7.7% in the second quarter of 2012), as a result of the refinancing and lower nominal interest rates.

Share of profit/(loss) of associates

In the first half of 2013, the share of profit of associates amounted to €0.1 million, related to DPI (US consumer electronics retail distributor), compared to €0.2 million in the first half of 2012.

In the second quarter of 2013, the share of profit of associates was €0.8 million, compared to €0.5 million in the second quarter of 2012.

Tax expense

The effective tax rate was 32.5% in the first half of 2013, compared to 29.2% in the first half of 2012. The increase in the effective tax rate results mainly from the new French tax measures.

Net income

As a result of the items described above, net income stood at €73.9 million in the first half of 2013, a 51.1% decrease as compared to €151.1 million in the first half of 2012.

In the second quarter of 2013, net income amounted to €30.8 million, a 50.3% decrease as compared to €61.9 million in the second quarter of 2012, mainly due to higher impairment charges.

1.2.2 | Europe (54% of Group sales)

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**1,757.2**	**1,852.2**	**(5.1)%**	**3,489.0**	**3,696.3**	**(5.6)%**
Gross profit	468.0	500.1	(6.4)%	944.2	1,011.4	(6.7)%
Distribution and administrative expenses	(361.9)	(370.0)	(2.2)%	(736.2)	(743.3)	(10)%
EBITA	**106.1**	**130.2**	**(18.5)%**	**208.0**	**268.1**	**(22.4)%**
as a % of sales	*6.0%*	*7.0%*		*6.0%*	*7.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**1,757.2**	**1,850.4**	**(5.0)%**	**3,489.0**	**3,743.5**	**(6.8)%**
Same number of working days			*(5.2)%*			*(5.3)%*
Gross profit	475.7	500.1	(4.9)%	952.9	1,016.3	(6.2)%
as a % of sales	*27.1%*	*27.0%*		*27.3%*	*27.1%*	
Distribution and administrative expenses	(362.0)	(369.9)	(2.1)%	(736.3)	(758.4)	(2.9)%
as a % of sales	*(20.6)%*	*(20.0)%*		*(21.1)%*	*(20.3)%*	
EBITA	**113.7**	**130.2**	**(12.7)%**	**216.5**	**257.9**	**(16.0)%**
as a % of sales	***6.5%***	***7.0%***		***6.2%***	***6.9%***	

Sales

In the first half of 2013, sales in Europe amounted to €3,489.0 million, a decrease of 5.6% from the first half of 2012, on a reported basis.

- Acquisitions accounted for €59.5 million.
- Unfavorable exchange rate variations accounted for €12.2 million, mainly due to the depreciation of the British Pound against the euro, partially offset by the appreciation of the Swedish Krona.

<u>On a constant and same number of working days basis</u>, sales decreased by 5.3% from the first half of 2012. Excluding the negative impact of photovoltaic sales, sales decreased by 4.9%, on a constant basis and same number of working days.

In the second quarter of 2013, sales declined by 5.1% on a reported basis.

<u>On a constant and same number of working days basis</u>, sales decreased by 5.2% from the second quarter of 2012.

In **France**, sales amounted to €1,210.3 million in the first half of 2013, a 2.3% decrease as compared to the first half of 2012 on a constant and same number of working days basis, affected by the low level of building activity, residential and industrial markets, partly offset by a good performance on large projects in the commercial segment.
In the second quarter of 2013, sales continued to be resilient with a slight decline of 1.6% from the second quarter of 2012, on a constant and same number of working days basis.

In **the United Kingdom**, sales amounted to €472.2 million in the first half of 2013, a decrease of 6.7% from the first half of 2012 on a constant and same number of working days basis, reflecting the unfavorable impact of branch closures and weaker market conditions. Excluding photovoltaic sales, sales were down 6.9% from the first half of 2012 on a constant and same number of working days basis.
In the second quarter of 2013, sales decreased by 5.8% from the second quarter of 2012, on a constant and same number of working days basis. Excluding photovoltaic sales, sales were down 6.7% from the second quarter of 2012 on a constant and same number of working days basis.

In **Germany**, sales amounted to €390.7 million in the first half of 2013, a 6.2% decrease from the first half of 2012 on a constant and same number of working days basis. Excluding photovoltaic sales, sales were down only 3.8% from the first half of 2013 on a constant and same number of working days basis, reflecting a slowdown in the industrial end-market and in the residential construction.
In the second quarter of 2013, sales declined by 6.6% from the second quarter of 2012, on a constant and same number of working days basis. They were notably impacted in June by flooding in Bavaria. Excluding photovoltaic sales, sales were down 5.5% from the second quarter of 2012 on a constant and same number of working days basis.

In **Scandinavia** sales amounted to €434.3 million in the first half of 2013, a decrease of 6.2% from the first half of 2012 on a constant and same number of working days basis, representing a contrasted situation: Sales decreased by 3.8% in Sweden and Finland posted a 21.0% decrease, reflecting continued challenging macro-economic conditions, partially compensated by a 1.4% increase in sales in Norway.
In the second quarter of 2013, sales declined by 5.4% from the second quarter of 2012, on a constant and same number of working days basis with respectively a 3.6% and 22.8% decrease of sales in Sweden and Finland while Norway posted a strong growth at 5.9%.

In **Belgium** and in **The Netherlands**, sales amounted respectively to €150.8 million and €123.2 million in the first half of 2013.
Operations in Belgium decreased by 19.0% affected by drop in photovoltaic sales. Excluding this impact, sales decreased by 9.4%. In the second quarter of 2013, sales declined by 15.3% from the second quarter of 2012, on a constant and same number of working days basis (-8.7% excluding photovoltaic sales).
Operations in The Netherlands posted a 13.5% decline from the first half of 2012 on a constant and same number of working days basis, as a consequence of difficult market conditions and an ongoing company reorganization process. In the second quarter of 2013, sales declined by 12.2% from the second quarter of 2012, on a constant and same number of working days basis.

In **Switzerland** and **Austria**, sales amounted respectively to €195.3 million and €143.8 million in the first half of 2013. Both countries showed a resilient performance in a difficult European environment and posted respectively a 0.4% increase and 0.9% decrease from the first half of 2012 on a constant and same number of working days basis.
In the second quarter of 2013, sales declined respectively by 0.7% and 2.6% from the second quarter of 2012, on a constant and same number of working days basis, Austria facing a challenging comparable, with 10.8% sales increase posted in the second quarter of 2012.

In **Southern Europe**, sales amounted to €194.7 million in the first half of 2013, decreased by 5.1% from the first half of 2012 on a constant and same number of working days basis, reflecting stable sales in Spain thanks to good performance of export business and a drop in Italy (-10.9%) from the first half of 2012.
In the second quarter of 2013, sales declined by 11.4% on a constant and same number of working days basis from the second quarter of 2012, of which Spain -6.6% and Italy -19.1%, impacted by tough macro-economic conditions.

Gross profit

In the first half of 2013, Europe recorded a gross profit of €944.2 million, down 6.7% year-on-year, on a reported basis.

<u>On a constant basis</u>, adjusted gross profit decreased by 6.2% and adjusted gross margin was 27.3% of sales, an improvement of 20 basis points from the first half of 2012, mainly due to better purchasing terms.

In the second quarter of 2013, on a constant basis, adjusted gross profit decreased by 4.9% and adjusted gross margin was 27.1% of sales, an improvement of 10 basis points from the second quarter of 2012.

Distribution & administrative expenses

In the first half of 2013, distribution and administrative expenses amounted to €736.2 million, down 1.0% year-on-year, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.9% in the first half of 2013, while sales decreased by 6.8% on a constant and actual number of working days basis. Personnel costs decreased by 2.9% as compared to the first half of 2012. This decrease is mainly related to a reduction of workforce (17,030 employees at June 30, 2013, a 1.8% decrease compared to June 30, 2012). Building and occupancy expenses decreased by 1.7% as compared to the first half of 2012 due to a reorganization of the branch network (56 branch closures) and other external expenditures decreased by 3.8% as compared to the first half of 2012.

In the second quarter of 2013, on a constant basis, adjusted distribution and administrative expenses decreased by 2.1%, while sales decreased by 5.0% on a constant and actual number of working days basis.

EBITA

As a result, EBITA amounted to €208.0 million in the first half of 2013, a 22.4% decrease from the first half of 2012, on a reported basis.

On a constant basis, adjusted EBITA decreased by 16.0% while the adjusted EBITA margin decreased by 70 basis points to 6.2% of sales.

In the second quarter of 2013, on a constant basis, adjusted EBITA decreased by 12.7% while the adjusted EBITA margin decreased by 50 basis points to 6.5% of sales.

1.2.3 | North America (35% of Group sales)

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**1,154.7**	**1,054.6**	**9.5%**	**2,224.3**	**2,043.0**	**8.9%**
Gross profit	251.4	223.7	12.4%	485.9	434.3	11.9%
Distribution and administrative expenses	(186.3)	(169.9)	9.6%	(371.5)	(336.2)	10.5%
EBITA	**65.2**	**53.8**	**21.1%**	**114.4**	**98.1**	**16.7%**
as a % of sales	*5.6%*	*5.1%*		*5.1%*	*4.8%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**1,154.7**	**1,137.2**	**1.5%**	**2,224.3**	**2,213.5**	**0.5%**
Same number of working days			*1.2%*			*1.3%*
Gross profit	253.4	248.8	1.8%	488.0	481.0	1.5%
as a % of sales	*21.9%*	*21.9%*		*21.9%*	*21.7%*	
Distribution and administrative expenses	(186.5)	(188.1)	(0.9)%	(371.7)	(372.7)	(0.3)%
as a % of sales	*(16.2)%*	*(16.5)%*		*(16.7)%*	*(16.8)%*	
EBITA	**66.9**	**60.7**	**10.2%**	**116.3**	**108.3**	**7.4%**
as a % of sales	***5.8%***	***5.3%***		***5.2%***	***4.9%***	

Sales

In the first half of 2013, sales in North America amounted to €2,224.3 million, up 8.9% year-on-year, on a reported basis.

- The acquisitions of Platt Electric Supply and Munro Distributing in the United States, accounted for €203.0 million.

- Unfavorable exchange rate variations accounted for €32.5 million, due to the depreciation of both US and Canadian dollar against the euro.

On a constant and same number of working days basis, sales increased by 1.3% in the first half of 2013 compared to the first half of 2012.

In the second quarter of 2013, on a reported basis, sales were up 9.5%. On a constant and same number of working days basis, sales increased by 1.2% from the second quarter of 2012.

In **the United States**, sales rose to €1,610.0 million in the first half of 2013, an increase of 3.4% from the first half of 2012 on a constant and same number of working days basis, still impacted by the drop in wind-power activity, due to change in tax incentives. Excluding this effect, sales increased by 5.1% from the first half of 2012 on a constant and same number of working days basis. This return to growth confirmed the recovery of residential and industrial market.
In the second quarter of 2013, sales increased by 3.9% from the second quarter of 2012, on a constant and same number of working days basis. Excluding the drop in wind-power activity, sales increased by 5.6% from the second quarter of 2012 on a constant and same number of working days basis.

In **Canada**, sales amounted to €614.3 million in the first half of 2013, down by 3.9% from the first half of 2012 on a constant and same number of working days basis, mainly due to slowdown in mining activities.
In the second quarter of 2013, sales decreased by 5.2% from the second quarter of 2012, on a constant and same number of working days basis, mainly impacted by challenging comparable (the second quarter of 2012 posted a 9.9% growth) and by heavy floods in Alberta and strikes in the construction industry in Quebec.

Gross profit

In the first half of 2013, in North America, gross profit amounted to €485.9 million, up 11.9% year-on-year, on a reported basis.

On a constant basis, adjusted gross profit increased by 1.5% and adjusted gross margin increased by 20 basis points compared with the first half of 2012 at 21.9% of sales, mainly coming from better purchasing conditions.

In the second quarter of 2013, on a constant basis, adjusted gross profit increased by 1.8% and adjusted gross margin remained stable as compared to the second quarter of 2012 at 21.9 % of sales.

Distribution & administrative expenses

In the first half of 2013, distribution and administrative expenses amounted to €371.5 million, up 10.5% year-on-year, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 0.3% in the first half of 2013, as compared to the 0.5% increase in sales on a constant and actual number of working days basis. Personnel costs remained stable from the first half of 2012 in line with the workforce evolution which slightly decreased by 0.7% compared to June 30, 2012 (8,600 employees as of June 30, 2013). Building and occupancy expenses decreased by 0.9% in the first half of 2013 as compared to the first half of 2012, benefiting from the reorganization of the branch network (20 branch closures from the first half of 2012); while other external expenditures increased by 1.1% in the first half of 2013 as compared to the first half of 2012.

In the second quarter of 2013, on a constant basis, adjusted distribution and administrative expenses decreased by 0.9%, impacted by a gain resulting from the amendment of a post-employment benefit scheme in Canada, while sales increased by 1.5% on a constant and actual number of working days basis.

EBITA

As a result, EBITA rose to €114.4 million in the first half of 2013, up 16.7% year-on-year, on a reported basis.

On a constant basis, adjusted EBITA rose by 7.4% from the first half of 2013 and the adjusted EBITA margin increased by 30 basis points to 5.2% of sales.

In the second quarter of 2013, on a constant basis, adjusted EBITA increased by 10.2% while the adjusted EBITA margin increased by 50 basis points to 5.8% of sales.

1.2.4 | Asia-Pacific (9% of Group sales)

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**324.0**	**351.6**	**(7.9)%**	**602.8**	**673.1**	**(10.4)%**
Gross profit	67.2	73.2	(8.3)%	125.5	143.8	(12.7)%
Distribution and administrative expenses	(51.0)	(55.4)	(8.0)%	(101.4)	(111.7)	(9.2)%
EBITA	**16.2**	**17.9**	**(9.1)%**	**24.1**	**32.1**	**(24.9)%**
as a % of sales	*5.0%*	*5.1%*		*4.0%*	*4.8%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**324.0**	**347.3**	**(6.7)%**	**602.8**	**667.5**	**(9.7)%**
Same number of working days			*(7.8)%*			*(8.9)%*
Gross profit	67.2	72.5	(7.3)%	125.5	142.8	(12.1)%
as a % of sales	*20.7%*	*20.9%*		*20.8%*	*21.4%*	
Distribution and administrative expenses	(51.0)	(54.6)	(6.6)%	(101.4)	(110.6)	(8.4)%
as a % of sales	*(15.7)%*	*(15.7)%*		*(16.8)%*	*(16.6)%*	
EBITA	**16.2**	**17.9**	**(9.3)%**	**24.1**	**32.2**	**(25.1)%**
as a % of sales	***5.0%***	***5.2%***		***4.0%***	***4.8%***	

Sales

In the first half of 2013, sales in Asia-Pacific amounted to €602.8 million, down 10.4% year-on-year, on a reported basis.

- The acquisition of Luxlight in Singapore contributed €5.7 million,
- offset by a €11.3 million unfavorable exchange rate variation, primarily due to the appreciation of the Australian dollar against the euro.

On a constant and same number of working days basis, sales decreased by 8.9% in the first half of 2013.

In the second quarter of 2013, on a reported basis, sales declined by 7.9%. On a constant and same number of working days basis, sales decreased by 7.8% from the second quarter of 2012.

In **Australia**, sales amounted to €323.9 million, a 14.5% decrease from the first half of 2012, on a constant and same number of working days basis. Macro-economic conditions remained difficult and sales have been affected by 17 branch closures and a slowdown in mining activities. Excluding the unfavorable branch closure effect, sales decreased by 11.5% compared to the first half of 2012.
In the second quarter of 2013, sales decreased by 15.5% from the second quarter of 2012, on a constant and same number of working days basis.

In **China**, sales amounted to €170.8 million in the first half of 2013 and remained stable compared to the first half of 2012 at -0.7%, on a constant and same number of working days basis. Sales have been affected by lower wind-power activity following the anti-dumping tax the United States enforced last year. Excluding the wind-power activity, sales grew by 1.9%, on a constant and same number of working days basis compared to the first half of 2012.
In the second quarter of 2013, sales increased by 3.3% from the second quarter of 2012, on a constant and same number of working days basis. Excluding the wind-power activity, sales grew by 2.7%, on a constant and same number of working days basis compared to the second quarter of 2012.

Gross profit

In the first half of 2013, in Asia-Pacific, gross profit amounted to €125.5 million, down 12.7%, on a reported basis.

On a constant basis, adjusted gross profit decreased by 12.1% from the first half of 2012 and adjusted gross margin was 20.8% of sales, a decrease of 60 basis points from the first half of 2012, as a result of unfavorable country mix, challenging macro-economic conditions in the Pacific and higher share of large projects, whose margin is lower.

In the second quarter of 2013, on a constant basis, adjusted gross profit decreased by 7.3% and adjusted gross margin was 20.7% of sales, a decrease of 20 basis points from the second quarter of 2012.

Distribution & administrative expenses

In the first half of 2013, distribution and administrative expenses amounted to €101.4 million, a 9.2% decrease, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 8.4% from the first half of 2012, while sales decreased by 9.7% on a constant and actual number of working days basis. Personnel costs decreased by 9.3%, whereas workforce decreased by 4.4% compared to June 30, 2012 (2,730 employees at June 30, 2013). Building and occupancy expenses decreased by 0.8% while other external expenses decreased by 6.9%, as compared to the first half of 2012.

In the second quarter of 2013, on a constant basis, adjusted distribution and administrative expenses decreased by 6.6%, while sales decreased by 6.7% on a constant and actual number of working days basis.

EBITA

As a result, EBITA amounted to €24.1 million in the first half of 2013, down 24.9% year-on-year, on a reported basis.

On a constant basis, adjusted EBITA decreased by 25.1% from the first half of 2012. Adjusted EBITA margin decreased by 80 basis points to 4.0% of sales.

In the second quarter of 2013, on a constant basis, adjusted EBITA decreased by 9.3% while the adjusted EBITA margin decreased by 20 basis points to 5.0% of sales.

1.2.5 | Latin America (2% of Group sales)

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**79.1**	**82.7**	**(4.4)%**	**152.7**	**155.6**	**(1.8)%**
Gross profit	18.4	19.1	(3.7)%	36.6	35.7	2.3%
Distribution and administrative expenses	(17.4)	(15.9)	9.5%	(35.5)	(31.4)	13.1%
EBITA	**1.0**	**3.2**	**(69.2)%**	**1.1**	**4.4**	**(75.0)%**
as a % of sales	*1.2%*	*3.9%*		*0.7%*	*2.8%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**79.1**	**81.7**	**(3.2)%**	**152.7**	**160.8**	**(5.0)%**
Same number of working days			*(5.7)%*			*(4.5)%*
Gross profit	18.6	18.6	(0.1)%	36.8	36.1	1.8%
as a % of sales	*23.5%*	*22.7%*		*24.1%*	*22.5%*	
Distribution and administrative expenses	(17.4)	(15.5)	12.6%	(35.5)	(31.7)	12.0%
as a % of sales	*(22.0)%*	*(18.9)%*		*(23.2)%*	*(19.7)%*	
EBITA	**1.2**	**3.1**	**(62.8)%**	**1.3**	**4.5**	**(70.2)%**
as a % of sales	***1.5%***	***3.8%***		***0.9%***	***2.8%***	

Sales

In the first half of 2013, sales in Latin America amounted to €152.7 million, down 1.8% from the first half of 2012, on a reported basis.

- The acquisitions of Peruvian and Brazilian entities contributed €12.2 million to the increase,
- partially compensated by €7.0 million from unfavorable exchange rate variation, primarily due to the depreciation of the Brazilian Real against the euro.

<u>On a constant and same number of working days basis</u>, sales decreased by 4.5% from the first half of 2012. Sales in Brazil (62% of sales in this segment) and Peru (8% of sales in this segment) increased respectively by 7.2% and 1.9%, whereas Chilean operations (30% of sales in this segment) posted a 22.9% decrease in sales compared to the first half of 2012, due to slowdown of project business in mining sector.

In the second quarter of 2013, sales decreased by 5.7% from the second quarter of 2012, on a constant and same number of working days basis, reflecting a contrasted situation with a 25.0% decrease in Chile and a 2.9% decrease in Peru, while sales in Brazil were up 7.8%.

Gross profit

In the first half of 2013, in Latin America, gross profit amounted to €36.6 million, up 2.3% year-on-year, on a reported basis.

<u>On a constant basis</u>, the adjusted gross profit increased by 1.8% from the first half of 2012 and adjusted gross margin was 24.1% of sales, an increase of 160 basis points from the first half of 2012, as a result of lower project activity in Chile.

In the second quarter of 2013, on a constant basis, adjusted gross profit remained stable at -0.1% and adjusted gross margin was 23.5% of sales, a 80 basis points increase from the second quarter of 2012.

Distribution & administrative expenses

In the first half of 2013, distribution and administrative expenses amounted to €35.5 million, up 13.1% year-on-year, on a reported basis.

On a constant basis, adjusted distribution and administrative expenses increased by 12.0% from the first half of 2012, while sales decreased by 5.0% on a constant and actual number of working days. Personnel costs increased by 8.1% whereas the workforce decreased by 7.0% compared to June 30, 2012 (1,614 employees at June 30, 2013), mainly due to strong inflation and costs incurred to build up a solid business platform in Brazil.

In the second quarter of 2013, on a constant basis, adjusted distribution and administrative expenses increased by 12.6%, while sales decreased by 3.2% on a constant and actual number of working days basis.

EBITA

As a result, EBITA was up to €1.1 million in the first half of 2013, down 75.0% year-on-year, on a reported basis.

On a constant basis, adjusted EBITA decreased by 70.2% compared to the first half of 2012. Adjusted EBITA margin decreased by 190 basis points to 0.9% of sales.

In the second quarter of 2013, on a constant basis, adjusted EBITA decreased by 62.8% while the adjusted EBITA margin decreased by 230 basis points to 1.5% of sales.

1.2.6 | Other operations

REPORTED	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**0.0**	**0.1**	**n.a.**	**0.0**	**0.1**	**n.a.**
Gross profit	0.0	0.6	n.a.	0.0	1.0	n.a.
Distribution and administrative expenses	(16.1)	(18.9)	(15.2)%	(26.4)	(33.2)	(20.5)%
EBITA	**(16.1)**	**(18.4)**	**(12.5)%**	**(26.4)**	**(32.2)**	**(18.1)%**
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Period ended June 30,		
(in millions of euros)	2013	2012	Change in %	2013	2012	Change in %
Sales	**0.0**	**0.1**	**n.a.**	**0.0**	**0.1**	**n.a.**
Same number of working days			*n.a.*			*n.a.*
Gross profit	0.0	0.6	n.a.	0.0	1.0	n.a.
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
Distribution and administrative expenses	(16.1)	(18.9)	(15.0)%	(26.4)	(33.1)	(20.4)%
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
EBITA	**(16.1)**	**(18.3)**	**(12.4)%**	**(26.4)**	**(32.1)**	**(18.0)%**
as a % of sales	***n.a.***	***n.a.***		***n.a.***	***n.a.***	

This segment mostly includes unallocated corporate overhead expenses, which reduced by €5.7 million over last year and €2.2 million over the second quarter.

1.3 | Outlook

Considering that market conditions will remain challenging, in particular in Europe and in the Pacific, and assuming no rebound in copper prices in the second half of the year, Rexel now expects organic sales for the full year to be 2% to 3% below last year’s level (vs. “a slight positive organic growth” announced last February).

Given this new sales forecast, the Group targets an adjusted EBITA margin for the full year of between 5.5% and 5.6% (vs. “a stable adjusted EBITA margin of 5.7%” announced last February), which confirms the resilience of its operating model.

Rexel confirms its free cash-flow target of more than €600 million before interest and tax, corresponding to around €300 million after interest and tax (unchanged vs. target announced last February).

1.4 | Risk factors and uncertainties

Group activities are facing certain macroeconomic, business, operational, market and legal risk factors. The main risk factors to which the Group is exposed are described in the section “Risk factors” of the 2012 Registration Document filed with the Autorité des Marchés Financiers on March 13, 2013 under the number D.13-0130. There has not been any significant change in these risk factors in the first half of 2013.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 | Cash flow

(in millions of euros)		Quarter ended June 30, 2013	2012	Change	Period ended June 30, 2013	2012	Change
Operating cash flow [(1)]		**166.1**	**175.4**	**(9.3)**	**317.3**	**360.6**	**(43.3)**
Interest	(a)	(45.7)	(39.1)	(6.6)	(88.6)	(81.4)	(7.2)
Taxes	(a)	(35.7)	(31.3)	(4.4)	(57.8)	(67.8)	10.0
Change in working capital requirements		(27.6)	(93.7)	66.1	(177.8)	(199.0)	21.2
Net cash flow from operating activities	**(b)**	**57.1**	**11.3**	**45.8**	**(6.9)**	**12.4**	**(19.3)**
Net cash flow from investing activities		**(17.1)**	**(82.8)**	**65.7**	**(27.0)**	**(173.4)**	**146.4**
Including operating capital expenditures [(2)]	*(c)*	*(19.7)*	*(19.4)*	*(0.3)*	*(24.9)*	*(36.8)*	*11.9*
Net cash flow from financing activities		**324.5**	**3.1**	**321.4**	**348.1**	**309.5**	**38.6**
Net cash flow		**364.4**	**(68.4)**	**432.9**	**314.1**	**148.5**	**165.6**
Free cash flow							
Free cash flow:							
- before interest and taxes (b) – (a) + (c)		**118.8**	**62.3**	**56.5**	**114.6**	**124.8**	**(10.2)**
- after interest and taxes (b) + (c)		**37.4**	**(8.1)**	**45.5**	**(31.8)**	**(24.4)**	**(7.4)**
WCR as a % of sales [(3)] **at:**					**June 30, 2013**	**June 30, 2012**	
Reported basis					10.5%	11.3%	
Constant basis					11.3%	12.1%	

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

(2) Net of disposals.

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

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an outflow of €6.9 million in the first half of 2013 compared to an inflow of €12.4 million in the first half of 2012.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased to €317.3 million in the first half of 2013 from €360.6 million in the first half of 2012. This evolution was mainly due to the EBITDA decrease by 46.1 million from €405.9 million in the first half of 2012 to 359.8 million in the first half of 2013, as a result of lower sales in the first half of 2013 compared to the same period in 2012.

Interest and taxes

Interest paid in the first half of 2013 totaled €88.6 million compared to €81.4 million in the first half of 2012. The €7.2 million change between the two periods is mainly due to the increase in average indebtedness as a result of the financing of acquisitions (Platt and Munro) incurred in the second half of 2012, partly offset by a lower effective interest rate which stood at 6.6% in the first half of 2013 compared to 7.7% in the second half of 2012.

In the first half of 2013, income tax paid was €57.8 million compared to €67.8 million paid in the first half of 2012, due to lower taxable income partially compensated by an increase in the effective tax rate from 29.2% to 32.5%.

Change in working capital requirements

In the first half of 2013, change in working capital requirement accounted for an outflow of €177.8 million compared to €199.0 million in the first half of 2012, improving by €21.2 million. Excluding non-trade working capital requirement which was impacted by a base effect as of June 30, 2012 (payment phasing of payroll taxes), change in working capital requirements remained stable between the two periods.

As a percentage of sales over the last 12 months, working capital requirements amounted to 11.3 % as of June 30, 2013 (12.7% excluding dividends payable of €203.1 million) compared to 12.1% as of June 30, 2012 on a constant basis. The increase in working capital requirements as a percentage of sales is mainly due to a higher level of inventories and trade receivables at June 30, 2013 compared to June 30, 2012.

2.1.2 | Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €27.0 million outflow in 2013, as compared to an outflow of €173.4 million in 2012.

(in millions of euros)	Quarter ended June 30,		Period ended June 30,	
	2013	2012	2013	2012
Acquisitions of operating fixed assets	(23.9)	(18.5)	(43.9)	(33.6)
Gain/(loss) on disposal of operating fixed assets	0.7	1.8	19.2	2.4
Net change in debts and receivables on fixed assets	3.5	(2.7)	(0.2)	(5.6)
Net cash flow from operating investing activities	(19.7)	(19.4)	(24.9)	(36.8)
Acquisition of subsidiaries, net of cash acquired	(0.9)	(62.5)	(3.0)	(135.0)
Gain/(loss) on disposal of financial fixed assets	-	-	-	-
Dividends received from equity associates	-	(0.1)	-	1.9
Net cash flow from financial investing activities	(0.9)	(62.6)	(3.0)	(133.1)
Net change in long-term investments	3.5	(0.8)	0.9	(3.5)
Net cash flow from investing activities	**(17.1)**	**(82.8)**	**(27.0)**	**(173.4)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €24.9 million in 2013, compared to €36.8 million outflow in 2012.

In 2013, gross capital expenditures amounted to €43.9 million, i.e. 0.7% of sales for the period, of which €17.2 million related to IT systems, €15.7 million to branch acquisition and renovation, €9.2 million to logistics and €1.8 million to other investments. Disposals of fixed assets in 2013 amounted to €19.2 million. Net changes in the related payables and receivables amounted to €0.2 million, accounting for an increase in net capital expenditures for the period.

In the first half of 2012, gross capital expenditures amounted to €33.6 million, i.e. 0.5% of sales for the period, of which €16.3 million related to IT systems, €9.4 million to branch acquisition and renovation, €5.7 million to logistics and €2.2 million to other investments. Disposals of fixed assets in the first half 2012 amounted to €2.4 million. Net changes in the related payables and receivables amounted to €5.6 million, accounting for an increase in net capital expenditures for the period.

Financial investments

Financial investments resulted in a net cash-out of €3.0 million in 2013 compared to a net outflow of €133.1 million in the first half of 2012.

In the first half of 2013, acquisitions net of cash of acquired entities accounted for an outflow of €3.0 million. These investments mainly include Luxlight in South East-Asia, Huazhang in China, and miscellaneous acquisitions in Slovakia.

In the first half of 2012, the acquisitions net of cash of acquired entities were an outflow of €135.0 million. These investments mainly included Etil in Brazil, Liteco in Canada, Wilts in the United Kingdom, Société Commerciale Toutélectrique in France, Lagrange in Belgium and Erka in Spain.

2.1.3 | Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In 2013, cash flow from financing activities reflected additional net inflows of €348.1 million, resulting mainly from:

- US$ 500 million and €650 million issuance of senior notes accounting for €1,025.0 million net of transaction costs
- Increase in other borrowings amounting to €72.7 million, primarily consisting of the issue of commercial paper for €21.9 million,
- Redemption of the 8.25% senior notes due 2016 for €640.3 million including a redemption premium of €54.0 million,
- Net decrease of €25.9 million in the drawings of the senior credit facilities ,
- Decrease of €56.1 million in assigned receivables with respect to securitization programs,
- Repayment of Financing lease obligation of €44.1 million.

In the first half of 2012 , cash flow from financing activities reflected additional net cash-in of €309.5 million, resulting mainly from:

- US$ 500 million issuance of senior notes accounting to €366.5 million net of transaction costs,
- Partial buy-out on the market of €69.1 million of 8.25% senior notes due 2016,
- Net increase of €190.6 million as a result of drawings under the senior credit facilities,
- Increase in other borrowings amounting to €107.3 million, primarily consisting of the issue of commercial papers for an amount of €39.7 million,
- Decrease of €139.7 million in assigned receivables with respect to securitization programs,
- Dividend distribution in cash of €143.0 million, and
- Net purchase of treasury shares of €3.9 million.

2.2 | Sources of financing

In addition to the cash from operations and equity, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At June 30, 2013, Rexel's consolidated net debt amounted to €2,628.9 million, consisting of the following items:

	June 30, 2013			December 31, 2012		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	1,880.9	1,880.9	-	1,504.3	1,504.3
Credit facility	-	-	-	-	25.9	25.9
Securitization	277.1	740.5	1,017.6	351.7	747.8	1,099.5
Bank loans	38.2	19.2	57.4	43.3	16.7	60.0
Commercial paper	136.8	-	136.8	114.8	-	114.8
Bank overdrafts and other credit facilities	120.1	-	120.1	77.6	-	77.6
Finance lease obligations	7.8	28.3	36.1	51.2	31.1	82.3
Accrued interest (1)	19.2	-	19.2	9.4	-	9.4
Less transaction costs	(11.4)	(43.3)	(54.7)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest	**587.7**	**2,625.6**	**3,213.3**	**627.6**	**2,303.2**	**2,930.8**
Cash and cash equivalents			(604.4)			(291.9)
Debt hedge derivative			19.9			(39.8)
Net financial debt			**2,628.9**			**2,599.2**

(1) of which accrued interest on Senior Notes in the amount of €15.4 million at June 30, 2013 (€4.5 million at December 31, 2012)

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities by entering into a new revolving credit facility agreement. The senior facility agreement provides for 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.

Concurrently with the refinancing of the Senior Facility Agreement in the first half of 2013, Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank pari passu with Rexel's senior credit facility and other senior unsecured notes.

At June 30, 2013, the Group's liquidity amounted to €1,447.3 million (€1,173.4 million at December 2012).

In million of euros

Cash and cash equivalents	604.4
Bank overdrafts	(120.1)
Commercial paper	(136.8)
Undrawn Senior credit agreement	1,100.0
Others	(0.2)
Liquidity	**1,447.3**

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

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 3.16x at the end of June 2013 (vs. 2.95x at end December 2012).

(in millions of euros)	June 30, 2013
Net debt at closing currency exchange rates	2,628.9
Net debt at average currency exchange rates (A)	2,681.5
LTM EBITDA [(1)] (B)	847.8
Indebtedness ratio (A)/(B)	**3.16**

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

II. Condensed consolidated interim financial statements as of June 30, 2013 *(unaudited[1])*

[1] The condensed consolidated interim financial statements as of June 30, 2013 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on the 2013 half year information is presented after the condensed consolidated interim financial statements.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	***Note***	For the quarter ended June 30, **2013**	**2012**	For the period ended June 30, **2013**	**2012**
Sales	***4***	3,314.9	3,341.1	6,468.8	6,568.1
Cost of goods sold		(2,509.9)	(2,524.4)	(4,876.7)	(4,941.9)
Gross profit		**805.0**	**816.7**	**1,592.1**	**1,626.2**
Distribution and administrative expenses	***5***	(639.9)	(632.6)	(1,282.9)	(1,260.9)
Operating income before other income and expenses		**165.1**	**184.1**	**309.2**	**365.3**
Other income	***6***	0.5	0.8	2.8	1.1
Other expenses	***6***	(72.9)	(50.7)	(85.4)	(56.2)
Operating income		**92.7**	**134.2**	**226.6**	**310.2**
Financial income		0.9	0.7	1.2	1.3
Interest expense on borrowings		(42.9)	(41.1)	(82.8)	(86.0)
Refinancing costs		-	-	(23.5)	-
Other financial expenses		(6.3)	(7.3)	(12.1)	(12.3)
Net financial expenses	***8***	***(48.3)***	***(47.7)***	***(117.2)***	***(97.0)***
Share of profit / (loss) of associates		0.8	0.5	0.1	0.2
Net income before income tax		**45.2**	**87.0**	**109.4**	**213.4**
Income tax	***9***	(14.4)	(25.1)	(35.5)	(62.3)
Net income		**30.8**	**61.9**	**73.9**	**151.1**
Portion attributable:					
to the Group		30.5	61.6	73.8	151.0
to non-controlling interests		0.3	0.3	0.1	0.1
Earnings per share:					
Basic earnings per share (in euros)	***12***	0.11	0.23	0.27	0.56
Fully diluted earnings per share (in euros)	***12***	0.11	0.23	0.27	0.56

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 June 30, 2013	For the quarter ended June 30, 2012	For the period ended June 30, 2013	For the period ended June 30, 2012
Net income	**30.8**	**61.9**	**73.9**	**151.1**
Items to be reclassified to profit and loss:				
Net gain / (loss) on net investment in foreign subsidiaries	(1.5)	(11.4)	32.8	2.3
Income tax	0.7	3.0	(8.8)	(0.8)
	(0.8)	(8.4)	24.0	1.5
Foreign currency translation	(89.2)	63.7	(106.3)	42.2
Net gain / (loss) on cash flow hedges	1.0	0.1	2.1	0.5
Income tax	(0.3)	-	(0.7)	(0.2)
	0.7	0.1	1.4	0.3
Items not to be reclassified to profit and loss:				
Remeasurements of net defined benefit liability	49.8	(62.0)	63.9	(41.0)
Income tax	(5.9)	8.1	(9.1)	5.2
	43.9	(53.9)	54.8	(35.8)
Other comprehensive income/(loss) for the period, net of tax	*(45.4)*	*1.5*	*(26.1)*	*8.2*
Total comprehensive income for the period, net of tax	**(14.6)**	**63.4**	**47.8**	**159.3**
Portion attributable:				
to the Group	*(14.7)*	*62.5*	*47.6*	*158.9*
to non-controlling interests	*0.1*	*1.0*	*0.2*	*0.4*

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 June 30, 2013**	**As of December 31, 2012**
Assets			
Goodwill		4,232.4	4,369.2
Intangible assets		1,054.2	1,035.8
Property, plant and equipment		276.4	282.7
Long-term investments		28.0	79.5
Investments in associates		10.9	10.8
Deferred tax assets		125.6	171.9
Total non-current assets		**5,727.5**	**5,949.9**
Inventories		1,388.9	1,426.7
Trade accounts receivable		2,218.5	2,123.9
Current tax assets		7.5	26.1
Other accounts receivable		431.4	476.4
Assets held for sale		3.2	21.2
Cash and cash equivalents		604.4	291.9
Total current assets		**4,653.9**	**4,366.2**
Total assets		**10,381.4**	**10,316.1**
Equity			
Share capital	***10***	1,363.9	1,359.6
Share premium	***10***	1,410.4	1,418.3
Reserves and retained earnings		1,187.6	1,331.4
Total equity attributable to equity holders of the parent		**3,961.9**	**4,109.3**
Non-controlling interests		8.4	8.3
Total equity		**3,970.3**	**4,117.6**
Liabilities			
Interest bearing debt (non-current part)	***15***	2,625.6	2,303.2
Employee benefits		294.3	372.9
Deferred tax liabilities		112.1	152.3
Provision and other non-current liabilities		106.9	101.8
Total non-current liabilities		**3,138.9**	**2,930.1**
Interest bearing debt (current part)	***15***	568.5	618.3
Accrued interest	***15***	19.2	9.3
Trade accounts payable		1,875.6	1,937.2
Dividend to be paid	***11***	203.1	-
Income tax payable		21.6	42.6
Other current liabilities		584.1	661.1
Total current liabilities		**3,272.1**	**3,268.5**
Total liabilities		**6,411.1**	**6,198.6**
Total equity and liabilities		**10,381.4**	**10,316.1**

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 June 30, 2013	For the quarter ended June 30, 2012	For the period ended June 30, 2013	For the period ended June 30, 2012
Cash flows from operating activities					
Operating income		92.7	134.2	226.6	310.2
Depreciation, amortization and impairment of assets	*5-6*	76.2	48.5	100.0	68.5
Employee benefits		(9.0)	(16.5)	(12.3)	(21.1)
Change in other provisions		1.2	2.7	(4.4)	(9.6)
Other non-cash operating items		5.0	6.5	7.4	12.6
Interest paid		(45.7)	(39.1)	(88.6)	(81.4)
Income tax paid		(35.7)	(31.3)	(57.8)	(67.8)
Operating cash flows before change in working capital requirements		***84.7***	***105.0***	***170.9***	***211.4***
Change in inventories		37.5	(12.2)	12.4	(73.5)
Change in trade receivables		(85.5)	(52.7)	(132.1)	(82.5)
Change in trade payables		43.1	36.1	(26.9)	4.2
Changes in other working capital items		(22.7)	(64.9)	(31.2)	(47.2)
Change in working capital requirements		***(27.6)***	***(93.7)***	***(177.8)***	***(199.0)***
Net cash from operating activities		**57.1**	**11.3**	**(6.9)**	**12.4**
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(20.4)	(21.2)	(44.1)	(39.2)
Proceeds from disposal of tangible and intangible assets		0.7	1.8	19.2	2.4
Acquisition of subsidiaries, net of cash acquired		(0.9)	(62.5)	(3.0)	(135.0)
Change in long-term investments		3.5	(0.8)	0.9	(3.5)
Dividends received from associates		-	(0.1)	-	1.9
Net cash from investing activities		**(17.1)**	**(82.8)**	**(27.0)**	**(173.4)**
Cash flows from financing activities					
Issuance of capital		0.1	0.1	0.8	0.2
Disposal / (Purchase) of treasury shares		(1.4)	(6.5)	(0.3)	(3.9)
Issuance of senior notes net of transaction costs	*15.2*	1,025.2	75.1	1,025.2	366.5
Repayment / Buy-out of senior notes due 2016	*15.2*	(640.3)	(69.1)	(640.3)	(69.1)
Settlement of interest rate swaps qualified as fair value hedge	*15.2*	-	-	30.4	-
Net change in credit facilities and other financial borrowings	*15.2*	(96.4)	149.6	32.6	297.9
Net change in securitization	*15.2*	38.9	(4.6)	(56.1)	(139.7)
Net change in finance lease liabilities	*15.2*	(1.8)	1.5	(44.1)	0.6
Dividends paid		0.0	(143.0)	(0.1)	(143.0)
Net cash from financing activities		**324.5**	**3.1**	**348.1**	**309.5**
Net (decrease) / increase in cash and cash equivalents		**364.4**	**(68.4)**	**314.1**	**148.5**
Cash and cash equivalents at the beginning of the period		234.1	623.8	291.9	413.7
Effect of exchange rate changes on cash and cash equivalents		6.0	6.8	(1.5)	-
Cash and cash equivalents at the end of the period		**604.4**	**562.2**	**604.4**	**562.2**

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)	Note	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 June 30, 2012										
At January 1, 2012		**1,344.1**	**1,412.2**	**1,188.0**	**129.7**	**(5.8)**	**(37.8)**	**4,030.4**	**11.5**	**4,041.9**
Net income		-	-	151.0	-	-	-	151.0	0.1	151.1
Other comprehensive income		-	-	-	43.4	0.3	(35.8)	7.9	0.3	8.2
Total comprehensive income for the period		**-**	**-**	**151.0**	**43.4**	**0.3**	**(35.8)**	**158.9**	**0.4**	**159.3**
Appropriation of net income	**11**	-	-	(173.5)	-	-	-	(173.5)	-	(173.5)
Share capital increase		13.6	7.2	9.9	-	-	-	30.7	-	30.7
Share based payments		-	-	12.7	-	-	-	12.7	-	12.7
Disposal (Purchase) of treasury shares		-	-	(4.5)	-	-	-	(4.5)	-	(4.5)
At June 30, 2012		**1,357.7**	**1,419.4**	**1,183.6**	**173.1**	**(5.5)**	**(73.6)**	**4,054.7**	**11.9**	**4,066.6**
For the period ended June 30, 2013										
At January 1, 2013		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
Net income		-	-	73.8	-	-	-	73.8	0.1	73.9
Other comprehensive income		-	-	-	(82.4)	1.4	54.8	(26.2)	0.1	(26.1)
Total comprehensive income for the period		**-**	**-**	**73.8**	**(82.4)**	**1.4**	**54.8**	**47.6**	**0.2**	**47.8**
Appropriation of net income	**11**	-	-	(203.1)	-	-	-	(203.1)	(0.1)	(203.2)
Share capital increase	**10**	4.3	(7.9)	4.4	-	-	-	0.8	-	0.8
Share based payments		-	-	8.2	-	-	-	8.2	-	8.2
Disposal (Purchase) of treasury shares		-	-	(0.8)	-	-	-	(0.8)	-	(0.8)
At June 30, 2013		**1,363.9**	**1,410.4**	**1,226.9**	**56.4**	**(1.6)**	**(94.1)**	**3,961.9**	**8.4**	**3,970.3**

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 June 30, 2013, and were authorized for issue by the Management Board on July 22, 2013.

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 June 30, 2013 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 June 30, 2013. 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, 2012 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 13, 2013 under the number D.13-0130.

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

2.2 | Basis of Preparation

The condensed financial statements as at June 30, 2013 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, 2012 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2012, with the exception of the new standards and interpretations disclosed in note 0. The new standards and interpretations, which are applicable starting from January 1, 2013, and detailed below, did not have any significant impact on the Group’s condensed financial statements or the financial position for the period ended June 30, 2013.

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 | New accounting standards and interpretations with effect starting from 2013

Since January 1, 2013, the Group has applied the following new amendments, standards and interpretations previously endorsed by the European Union. Their application had no material effect on the Group's financial statements.

The application of IFRS 10, IFRS 11, IFRS 12, revised IAS 27, revised IAS 28 and amendments to IAS 32 are compulsory for fiscal years starting on January 1, 2014. The Group opted for an early adoption of these standards.

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

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

- IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. None of these disclosures requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

In addition, following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

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

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

- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1, 2013.

IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. IFRS 13 is applicable for fiscal years starting on January 1, 2013 on prospective basis.
IFRS 13 also requires specific disclosures on fair values. Some of these disclosures are specifically required for financial instruments by IAS 34 "Interim Financial Reporting". The Group provides these disclosures in note 16.

Amendment to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities" increases disclosures requirements to improve comparability with US GAAP with regard to the set-off of financial instruments.

In 2012, IASB issued an omnibus of improvements to IFRS, applicable on or after January 1, 2013, including:

- Amendment to IAS 1 clarifying the requirements for comparative information,
- Amendment to IAS 16 clarifying the classification of servicing equipment,
- Amendment to IAS 32 clarifying the accounting for the tax effect of distributions to holders of equity instruments, and
- Amendment to IAS 34 clarifying the requirement for segment information on total assets and liabilities in interim financial reporting.

Although amendments to IFRS 10, 11 and 12 give additional transition relief by limiting the requirement to provide adjusted comparative information to the preceding comparative period, they are only compulsory for fiscal years starting on January 1, 2014 in the EU, nevertheless the Group has elected for an early adoption.

2.2.2 | Accounting standards and interpretations issued by IASB 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, the 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 UE 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 those standards to January 1, 2015 and modifies the requirements on transition disclosures.

3. | BUSINESS COMBINATIONS

Information on prior year acquisitions

The Group consolidated as of January 1, 2013 Luxlight Pte Ltd (Singapore), acquired in November 2012, such as disclosed in notes 3.1 and 10.3 in the consolidated financial statements as of December 31, 2012. The consolidation of this entity did not have material impact on the Group's financial statements.

In the first half of 2013, the Group finalized the purchase price allocation of Erka, a Spanish company acquired in April 2012 (see note 3.1 of the consolidated financial statements as of December 31, 2012). After completion of the identification of the acquired assets, an intangible asset of €19.0 million (€13.7 million, net of tax) was recognized with respect to the rights and benefits attached to an export license. This license is amortized over 6 years. After completion of the purchase price acquisition, Erka's residual goodwill stands at €1.2 million (€13.5 million as of December 31, 2012).

The Group also performed the purchase price allocation for Munro Distributing Company in the United-States, acquired in November 2012 for a total consideration of €113.2 million (US$147.0 million), such as disclosed in note 3.1 in the consolidated financial statements as of December 31, 2012, and recognized €8.4 million (US$10.9 million) as distribution network and €17.6 million (UD$22.9 million) as customer relationships. Therefore, the residual provisional goodwill amounts to €61.4 million (US$79.8 million) compared to €86.6 million recognized initially as of December 31, 2012. This goodwill is deductible for income tax purposes over a 15-year period. As of June 30, 2013, fair value assessment of tangible fixed assets is still in progress.

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.
In 2013, the Group made minor changes in its organization. Some insignificant non-operational entities were reclassified from the Europe segment under the heading “Corporate Holdings and other reconciling items”.

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 June 30, 2013 and 2012

2013 *(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 June 30,							
Sales to external customers………………	1,757.2	1,154.7	324.0	79.0	**3,314.9**	-	**3,314.9**
EBITA [(1)]………………………………………	106.1	65.2	16.2	1.0	**188.5**	(16.1)	**172.4**

2012 *(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 June 30,							
Sales to external customers………………	1,852.2	1,054.6	351.6	82.7	**3,341.0**	0.1	**3,341.1**
EBITA [(1)]………………………………………	130.2	53.8	17.9	3.2	**205.1**	(18.4)	**186.7**

2013 *(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 June 30,							
Sales to external customers………………	3,489.0	2,224.3	602.8	152.7	**6,468.8**	-	**6,468.8**
EBITA [(1)]………………………………………	208.0	114.4	24.1	1.1	**347.6**	(26.4)	**321.2**
Working capital………………………………	825.7	553.8	176.9	51.6	**1,608.0**	(228.9)	**1,379.1**
Goodwill………………………………………	2,628.0	1,301.2	241.0	62.1	**4,232.4**	-	**4,232.4**

2012 *(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 June 30,							
Sales to external customers………………	3,696.3	2,043.0	673.1	155.6	**6,568.0**	0.1	**6,568.1**
EBITA [(1)]………………………………………	268.1	98.1	32.1	4.4	**402.7**	(32.2)	**370.5**
For the period ended December 31,							
Working capital………………………………	734.9	496.0	173.6	50.2	**1,454.7**	(26.2)	**1,428.5**
Goodwill………………………………………	2,714.9	1,340.0	248.0	66.3	**4,369.2**	-	**4,369.2**

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

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

(in millions of euros)	For the quarter ended June 30, 2013	2012	For the period ended June 30, 2013	2012
EBITA - Total Group	**172.4**	**186.7**	**321.2**	**370.5**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(7.3)	(2.6)	(12.0)	(5.2)
Other income and other expenses	(72.4)	(49.9)	(82.6)	(55.1)
Net financial expenses	(48.3)	(47.7)	(117.2)	(97.0)
Share of profit/(loss) of associates	0.8	0.5	0.1	0.2
Group consolidated income before income tax	**45.2**	**87.0**	**109.4**	**213.4**

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 June 30, 2013	As of December 31, 2012
Working capital	1,379.1	1,428.5
Goodwill	4,232.4	4,369.2
Total allocated assets & liabilities	**5,611.5**	**5,797.7**
Liabilities included in allocated working capital	2,659.3	2,590.0
Other non-current assets	1,369.5	1,408.8
Deferred tax assets	125.6	171.9
Current tax assets	7.5	26.1
Other current assets	0.0	0.4
Assets classified as held for sale	3.2	21.2
Derivatives	0.4	8.1
Cash and cash equivalents	604.4	291.9
Group consolidated total assets	**10,381.4**	**10,316.1**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	**For the period ended** 2013	2012
Personnel costs (salaries & benefits)	770.7	761.1
Building and occupancy costs	137.8	132.6
Other external costs	303.6	303.9
Depreciation expense	38.6	35.4
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	12.0	5.2
Bad debt expense	20.2	22.7
Total distribution and administrative expenses	**1,282.9**	**1,260.9**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended June 30, 2013	2012
Gains on disposal of tangible assets	1.2	0.6
Write-back asset impairment	0.7	-
Release of unused provisions	0.9	0.2
Other operating income	-	0.3
Total other income	**2.8**	**1.1**
Restructuring costs	(29.6)	(20.3)
Losses on non-current assets disposed of	(1.5)	(0.3)
Impairment of goodwill and fixed assets	(50.0)	(27.9)
Acquisition related costs	(1.1)	(4.4)
Losses on earn-out	-	(0.4)
Other operating expenses	(3.2)	(2.9)
Total other expenses	**(85.4)**	**(56.2)**

Restructuring costs

For the period ended June 30, 2013, restructuring costs of €29.6 million are mainly related to the rationalization of logistics and branch closures in Sweden, France, UK, The Netherlands, Germany and Spain.

For the period ended June 30, 2012, restructuring costs of €20.3 million were mainly related to the rationalization of logistics in Germany, in The Netherlands and in Sweden and to the branch network optimization in the United-Kingdom and in New Zealand.

Goodwill and assets impairment

For the period ended June 30, 2013, management has recognized a goodwill impairment expense of €44.0 million, of which €42.8 million attributable to The Netherlands and €1.2 million to Spain (see note 7). In addition, as a result of the turnaround process in The Netherlands, write off of IT assets was recognized for €5.7 million.

For the period ended June 30, 2012, impairments on goodwill were recognized on the following cash-generating units: The Netherlands for €12.6 million and New Zealand for €14.8 million.

Other operating expenses

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

For the period ended June 30, 2012, other operating expenses were mainly related to the settlement of a claim from previous owner of Gexpro in the United-States and to litigation on business tax in France.

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 when reviewing for indicators of impairment. As a result, management carried-out an impairment test as of June 30, 2013 limited to the cash-generating units showing a value-in-use close to their carrying value at December 31, 2012, mainly Brazil, New Zealand, The Netherlands, Norway, Slovenia and Spain.

As a result of this analysis, in the first half of 2013, management has recognized an impairment expense of €44.0 million (see note 6) against goodwill (€27.4 million in the first half of 2012). This impairment is relating to The Netherlands for €42.8 million and to Spain for €1.2 million and reflects the decreasing demand in electrical supplies due to on-going economic uncertainty. After deducting this impairment expense, the carrying value of the related goodwill stands at €59.3 million for The Netherlands and is nil for Spain.

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

- 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 rate

The following discount rates were used to estimate the value-in-use as of June 30, 2013:

- The Netherlands : 7.5% (7.8% as of December 31, 2012)
- Norway : 8.2% (8.3% as of December 31, 2012)
- Other countries : 8.7% to 12.9% (6.4% to 13.0% as of December 31, 2012)

- Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. Perpetuity growth rates used for impairment testing purposes as of June 30, 2013 remained unchanged compared to December 31, 2012.

Sensitivity analysis

With respect to the assessment of value-in-use of goodwill and other intangible and fixed assets, the Group believes that no reasonably possible changes in the EBITA margin, discount rate or perpetuity growth rate (less than or equal to 50 basis points) would cause the carrying value of the cash-generating units to materially exceed its recoverable amount, excluding Brazil and cash-generating units which were subject to impairment in 2012 and 2013. Therefore, for these countries, any adverse movement in a key assumption would lead to a further impairment.

As of June 30, 2013, a 50 basis points increase in the discount rate, applied to the value in use of each of the cash-generating units would result in an additional €23.7 million impairment expense (€28.2 million as of December 31, 2012). A 50 basis points decrease in the perpetuity growth rate or in the terminal value EBITA margin would result in additional impairment expenses of €16.4 million (€14.4 million as of December 31, 2012) and €30.2 million (€37.1 million as December 31, 2012) respectively.

8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended June 30, 2013		2012
Interest income on cash and cash equivalents …………………………………….	0.4		0.3
Interest income on receivables and loans ………………………………………….	0.8		1.0
Financial income ………………………………………………………….........	**1.2**		**1.3**
Interest expense on financial debt (stated at amortized cost)…………………….	(92.2)		(89.3)
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement…........….	0.7		(2.6)
Foreign exchange gain (loss) ………………………………………..………………	3.5	(2)	(5.2)
Change in fair value of exchange rate derivatives through profit and loss………	(2.1)		3.9
Change in fair value of interest rate derivatives through profit and loss ………………………………………………………………	7.3		7.2
Interest expense on borrowings ……………………………………………….	**(82.8)**		**(86.0)**
Non-recurring refinancing costs ……………………………………………….	**(23.5)**	(1)	**-**
Net financial expense on employee benefit obligations……………………………	(6.9)		(6.7)
Others………………………..……………………………………………………......….	(5.2)		(5.6)
Other financial expenses ……………………………………………………….	**(12.1)**		**(12.3)**
Financial expenses (net)	**(117.2)**		**(97.0)**

[1] Non-recurring costs related to the refinancing transactions representing the loss recognized on the extinguishment of the senior notes due 2016. They include the redemption premium, the write-back of transaction fees after deducting fair value hedge adjustments (see note 15).
[2] Including a gain of €2.4 million related to the impact of Rexel KK liquidation and the recycling of foreign currency adjustments from equity to financial expenses.

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 2013 financial year to the interim income before taxes and share of profit (loss) in associates. The effective tax rate for the period ending June 30, 2013 is 32.5%, compared with 29.2% for the period ended June 30, 2012.

10. | SHARE CAPITAL AND PREMIUM

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

	Number of Shares	Share capital (in millions of euros)	Issuance premium (in millions of euros)
On January 1, 2013 ……………………………………………………………………….	**271,923,229**	**1,359.6**	**1,418.3**
Exercise of share subscription rights…………………………………………………	10,200	0.1	-
Issuance of shares in connection with and employee share purchase plans 2012 ………………………………………………………………………………	45,953	0.2	0.5
Issuance of shares in connection with free shares plans 2009 and 2011…..	788,642	3.9	-
Allocation of free shares ………………………………………………………………….	-	-	(12.9)
Free shares cancelled …………………………………………………………………….	-	-	4.5
On June 30, 2013 …………………………………………………………………………	**272,768,024**	**1,363.9**	**1,410.4**

Treasury shares

On June 30, 2013, Rexel held 1,964,015 treasury shares (2,292,534 as of December 31, 2012) valued at an average price of €13.13 per share (€12.72 per share as of December 31, 2012) that were recognized as a reduction in shareholders' equity, for an amount of €25.8 million (€29.2 million as of December 31, 2012).

11. | DIVIDEND

The Shareholders' Meeting of May 22, 2013 decided the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.59, at the option of each shareholder. As of June 30, 2013, the dividend to be paid stands at €203.1 million of which €53.0 million will be paid in cash and €150.1 million in shares. Dividend payment was effective on July 2, 2013.

(in millions of euros)	For the period ended June 30, 2013	2012
Dividends on ordinary shares …………………………………………………………	€ 0.75	€ 0.65
Dividends paid	**203.1**	**173.5**
o/w: - dividends paid in cash …………………………………………………………	53.0	143.0
- dividends paid in shares …………………………………………………………	150.1	30.5

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 June 30, 2013	2012
***Net income attributed to ordinary shareholders** (in millions of euros)…………………*	***73.8***	***151.0***
Weighted average number of ordinary shares (*in thousands*)………………………………	269,924	266,571
Non dilutive potential shares (in thousands)……………………………………………………	1,606	1,273
Weighted average number of issued common shares and non dilutive potential shares (in thousands)……………………………………………………………………	***271,530***	***267,844***
Basic earning per share (in euros)	**0.27**	**0.56**
***Net income attributed to ordinary shareholders** (in millions of euros)………..*	***73.8***	***151.0***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)………………………………………………………………………..	271,530	267,844
Potential dilutive shares (in thousands)	2,702	4,205
- of which share options (in thousands) ……………………………………………….	*147*	*167*
- of which bonus shares (in thousands) [(1)] ……………………………………………….	*2,555*	*4,037*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)…………………………………………	***274,232***	***272,049***
Fully diluted earnings per share………………………………………………………..	**0.27**	**0.56**

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

13. | SHARE-BASED PAYMENTS

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

On April 30, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2.053.129 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 4, 2015), these being restricted for an additional two-year period (until May 2, 2017), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions, the so-called “4+0 Plan”.

Furthermore, on April 30, 2013, Rexel entered into free share plans for its branch managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called “3+2 Plan”, or five years after the granting date with no subsequent restrictions, the so-called “5+0 Plan”.

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:

Beneficiaries	**Members of Group Executive Committee**		**Top managers**		**Operational managers**		**Total**
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax / EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v)Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions				Three-year service condition from grant date		
Plan	2+2	4+0	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Maximum number of shares granted on April 30, 2013	**320,097**	**220,612**	**473,213**	**1,039,207**	**99,100**	**422,500**	**2,574,729**
Share fair value at the attribution date April 30, 2013	*13.70*	*12.04*	*13.70*	*12.04*	*14.37*	*12.71*	

The fair value of Rexel’s shares granted to top executives 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 years vesting period. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of June 30, 2013, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in The Netherlands, 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.

In the first half of 2013, actuarial gains after tax of €54.8 million were recognized in other comprehensive income (a loss of €35.8 million in the first half of 2012) resulting from the increase in discount rates compared to December 31, 2012.

In addition, post employment benefit scheme in Canada was amended to enable employees to elect for a lump sum payment at retirement date to settle the obligation. As a result of this amendment, a gain of €3.1 million (CAD4.2 million) was recognized in the income statement as a reduction in salaries and benefits.

Discount rates used to measure Rexel's pension obligations as of June 30, 2013 have been updated and are as follows:

	Netherlands		United Kingdom		Canada		Switzerland	
(in %)	2013	2012	2013	2012	2013	2012	2013	2012
Discount rate	3.25	3.25	4.50	4.00	4.50	4.00	2.00	1.75

15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2013. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

15.1 | Net financial debt

As of June 30, 2013, Rexel's consolidated net debt amounted to €2,628.9 million, consisting of the following items:

(in millions of euros)	As of June 30, 2013			As of December 31, 2012		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior Notes……………………………………….	-	1,880.9	1,880.9	-	1,504.3	1,504.3
Credit Facilities …………………….....………….	-	-	-	-	25.9	25.9
Securitization ……………………...……………….	277.1	740.5	1,017.6	351.7	747.8	1,099.5
Bank loans ………………………..…………………	38.2	19.2	57.4	43.3	16.7	60.0
Commercial paper ………………………………….	136.8	-	136.8	114.8	-	114.8
Bank overdrafts and other credit facilities ………..	120.1	-	120.1	77.6	-	77.6
Finance lease obligations ………………………….	7.8	28.3	36.1	51.2	31.1	82.3
Accrued interests [(1)] ……………………………......	19.2	-	19.2	9.4	-	9.4
Less transaction costs …………………………..	(11.4)	(43.3)	(54.7)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest……	***587.7***	***2,625.6***	***3,213.3***	***627.6***	***2,303.2***	***2,930.8***
Cash and cash equivalents ……………………..			(604.4)			(291.9)
Debt hedge derivatives…………………………..			19.9			(39.8)
Net financial debt			**2,628.9**			**2,599.2**

(1) Of which accrued interests on Senior Notes for €15.4 million as of June 30, 2013 (€4.5 million as of December 31, 2012).

In March 2013, Rexel announced the refinancing of its €1,100 million senior credit facility due 2014 and the placement of €650 million and US$500 million senior notes due 2020.

15.1.1 | Senior Credit 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.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.
Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2,00% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) under the Senior Facility Agreement calculated as of December 31 and June 30 of every year. The margin ranges from 1.45% to 3%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

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

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

This refinancing transaction was accounted for as an exchange of debt without any recognition of gain and loss in the income statement.

As of June 30, 2013, this credit facility was not drawn down.

15.1.2 | Senior notes

Concurrently with the refinancing of the Senior Facility Agreement in the first half of 2013, Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank pari passu with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on:	**Redemption price (as a % of principal amount)**	
	euro Bonds	**dollar Bonds**
June 15, 2016 …………………………………………	103.844%	103.938%
June 15, 2017 …………………………………………	102.563%	102.625%
June 15, 2018 …………………………………………	101.281%	101.313%
June 15, 2019 and after………………………………	100.000%	100.000%

The net proceeds of these notes were used to redeem the 8.25% senior notes due 2016 and for general corporate purposes on April 17, 2013.

Rexel redeemed its senior notes due 2016 at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" redemption premium of €54.0 million.

In the first half of 2013, in relation to the repayment of the senior notes due 2016, the Group revised the amortized cost of such notes and recognized a financial expense of €23.5 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €9.1 million after deducting fair value hedge adjustments of €39.6 million.

As of June 30, 2013, the carrying amount of the existing senior notes is detailed as follows:

	As of June 30, 2013					As of December 31, 2012				
	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 2016	EUR	-	-	-	-	EUR	586.3	586.3	43.7	**630.0**
Senior notes due 2018	EUR	488.8	488.8	(1.4)	487.4	EUR	488.8	488.8	5.4	**494.2**
Senior notes due 2019	USD	500.0	382.3	(10.0)	372.3	USD	500.0	379.0	1.2	**380.1**
Senior notes due 2020	USD	500.0	382.3	(4.5)	377.8	-	-	-	-	**-**
Senior notes due 2020	EUR	650.0	650.0	(6.5)	643.5	-	-	-	-	**-**
TOTAL			1,903.3	(22.4)	**1,880.9**			1,454.1	50.3	**1,504.3**

Interest rate risk management:

In June 2013, Rexel entered into several interest rate swaps in order to hedge the senior notes due 2020. These swaps have a nominal value of US$200 million and €300 million and are classified as fair value hedges. They pay interests at a rate of Libor / Euribor 3 months and received a fixed rate of 1.7098% and 1.1307% respectively. These swaps reach maturity as of June 15, 2020.

Their fair value as of June 30, 2013 is a liability of €10.8 million.

15.1.3 | Securitization programs

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

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of the off-balance sheet US program such as disclosed in note 11.2 of December 31, 2012 financial consolidated statements, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2013, Rexel had satisfied all of these covenants.

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

Program	**Commitment**	**Amount of receivables assigned as of June 30, 2013**	**Amount drawn down as of June 30, 2013**	**Balance as of June 30, 2013**	**Balance as of December 31, 2012**	**Repayment**
		(in millions of currency)		*(in millions of euros)*		
2011 - Europe and Australia	EUR 425.0	EUR 476.1	EUR 369.5	369.5	422.3	12/16/2016
United States	USD 470.0	USD 601.6	USD 443.1	338.8	280.7	12/18/2015
Canada (1)	CAD 190.0	CAD 269.0	CAD 190.0	138.5	144.6	11/17/2017
2008 - Europe	EUR 384.0	EUR 453.6	EUR 277.1	277.1	351.8	12/17/2013
TOTAL				**1,123.9**	**1,199.5**	
***Of which*:**	***- on balance sheet:***			***1,017.6***	***1,099.5***	
	- off balance sheet (Ester program) :			***106.4***	***99.9***	

(1) On November 19th, 2012, Rexel renewed the securitization program in Canada over a five-year period.

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of June 30, 2013, the total outstanding amount authorized for these securitization programs was €1,306.9 million, of which €1,017.6 million was utilized.

Interest rate risk management:

In June 2013, Rexel entered into several interest rate swaps in order to hedge the US securitization program. These swaps have a nominal value of US$200 million and are classified as cash flow hedge. They pay interests at a fixed rate 0.38% and received Libor 1 month. These swaps reach maturity as of June 30, 2015.

Their fair value as of June 30, 2013 is an asset of €0.2 million.

15.2 | Change in net financial debt

As of June 30, 2013 and 2012, the change in net financial debt was as follows:

(in millions of euros)	For the period ended June 30, 2013	2012
At January 1	**2,599.2**	**2,078.2**
Issuance of senior notes net of transaction cost	1,025.2	366.5
Buy-out of senior notes	(640.3)	(69.1)
Net change in term loan facilities	(25.9)	190.6
Transaction costs and refinancing costs	(14.3)	-
Net change in other credit facilities and bank overdrafts	72.7	107.3
Net change in credit facilities	**417.4**	**595.3**
Net change in securitization	(56.1)	(139.7)
Net change in finance lease liabilities	(44.1)	0.6
Net change in financial liabilities	***317.3***	***456.2***
Change in cash and cash equivalents	(314.1)	(148.5)
Translation differences	(32.5)	39.8
Effect of changes in consolidation scope on gross indebtedness	0.0	26.6
Amortization of transaction costs	7.8	10.7
Non recurring refinancing costs	23.5	-
Other changes [(1)]	27.7	(4.7)
At June 30	**2,628.9**	**2,458.4**

(1) Of which €30.4 million relating to the settlement of interest swap qualified as fair value hedge on the Senior notes due 2016.

15.3 | Maturity

The €500 million senior notes issued in May 2011 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 has been refinanced in March 2013. The Senior Facility Agreement provides for 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 15.1.1).

Lastly, securitization programs mature in 2013, 2015, 2016, and 2017. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	**As of June, 30**	As of December 31,
Due within	**2013**	**2012**
One year	598.9	648.1
Two years	255.6	198.0
Three years	149.6	34.7
Four years	374.6	1,065.2
Five years	491.2	147.8
Thereafter	1,418.2	880.1
Total financial debt	**3,288.1**	**2,973.9**
Transaction costs	(54.7)	(43.1)
Financial debt	**3,233.3**	**2,930.8**

16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As at June 30, 2013, the Group held the following classes of financial instruments measured at fair value:

	June 30, 2013		
	Carrying amount	***Fair value***	**IFRS7 Hierarchy**
Financial assets			
Hedging derivatives	0.1	0.1	Level 2
Other derivatives	0.4	0.4	Level 2
Financial liabilities			
Bonds	1,880.9	1,951.3	NA
Hedging derivatives	22.7	22.7	Level 2
Other derivatives	7.1	7.1	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 June 30, 2013, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2012, with a significant impact on Rexel's financial position or profitability.

19. | EVENTS AFTER THE REPORTING PERIOD

On July 2, 2013, the dividend of €203.1 million was paid in cash for €53.0 million and in shares for €150.1 million.

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' review report on the interim consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
This report also includes information relating to the specific verification of information given in the group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex

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Membre de la compagnie
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel
Period from January 1 to June 30, 2013

Statutory auditors' review report on the first half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Rexel for the period from January 1 to June 30, 2013;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the executive board (directoire). Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

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

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

2. Specific verification

We have also verified information given in the interim management report in respect of the condensed consolidated interim financial statements subject to our review.

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

Neuilly-sur-Seine and Paris-La Défense, July 25, 2013

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit

Christian Perrier

ERNST & YOUNG Audit

Philippe Diu

IV. Responsibility for the half-year financial report

RESPONSIBILITY STATEMENT FOR THE HALF-YEAR FINANCIAL REPORT

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

Paris, July 25, 2013

Rudy Provoost
Chairman of the Management Board