Half-year financial report

At June 30, 2010

Rexel

ELECTRICAL SUPPLIES

Société anonyme with a Management Board and a Supervisory Board
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Half-year financial report at June 30, 2010

I. Activity report……………………………………………………page 2

II. Condensed consolidated interim financial statements….. page 20

III. Statutory auditors' report ………………………………….... page 49

IV. Responsibility for the half-year financial report ………….... page 52

I. Activity report

This document is a free translation into English of the activity report for the period ended June 30, 2010 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended June 30, 2010, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the 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 values are rounded to the nearest million except when otherwise stated. Total amounts and sub-totals presented in the activity report are computed in thousands of euros then rounded to the nearest tenth of a million. Thus, numbers and percentages may differ from the numbers and percentages calculated on the basis of the numbers presented, numbers may not sum precisely due to rounding.

1.1 | Financial Situation 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's business is organized around the three main geographic areas in which it operates: Europe, North America, and the Asia-Pacific zone. This geographic segmentation was determined on the basis of the Group's financial reporting structure. Non-core operations and businesses managed at Group level are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overhead expenses.

In the first half of 2010, the Group recorded consolidated sales of €5,744.6 million, of which €3,365.3 million were generated in Europe (59% of sales), €1,665.3 million in North America (29% of sales), €523.1 million in the Asia-Pacific zone (9% of sales), and €190.9 million related to Other Operations (3% of sales).

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

The North America zone consists of the United States and Canada. The United States represented approximately 71% of the Group's consolidated sales in this zone and Canada the remaining 29%.

The Asia-Pacific zone consists of Australia, New Zealand and China, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounted for approximately 63% of the Group's consolidated sales in this zone and New Zealand close to 12%.

The Other Operations segment includes ACE, the Agencies/Consumer Electronics division acquired from Hagemeyer from the beginning of the second quarter of 2008, which represented approximately 3% of the Group's sales over the period. In February 2010, the Group disposed of Hagemeyer Cosa Liebermann (H.C.L.) in Asia, a legacy non-core business from Hagemeyer, operating as a wholesaler and a duty-free agent of luxury goods in Asian countries. In June 2010, the Group disposed of Haagtechno B.V., a company engaged in the Netherlands, in the business of the import, warehousing and distribution of electronic products manufactured by Panasonic. It also includes Chile, which represented less than 1% of the Group's sales in 2010 and certain businesses managed at Group level. Unallocated corporate overheads (mainly occupancy and personnel costs of the headquarters) are also included in this segment, as well as the elimination of inter-segment operations.

The analysis below covers the Group's sales, gross profit, distribution and administrative expenses and operating income before amortization of intangible assets recognized on the occasion of purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other Operations segment.

1.1.2 | Seasonality

Notwithstanding the relatively low degree of seasonality within the Group's sales, there is seasonality in cash flows due to variations in working capital requirements, with, generally, about half of annual free cash flow generated in the first half of the year, a low third quarter due to an increase in working capital requirements as a result of higher sales in September, and a strong fourth quarter.

1.1.3 | Effects of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with the distribution of cable products. Cables account for approximately 16% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also depend on suppliers' commercial policies and on the competitive environment in the Group's markets. Changes in copper price have an estimated so-called "recurring" effect and an estimated so-called "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 value of the copper part included in the selling 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 selling price of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price 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 is the non-recurring effect on gross profit offset, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit).

Both of these effects are assessed as much as possible on the whole of cable sales in the period. Internal Rexel Group procedures stipulate that entities which do not have the information systems to allow such exhaustive calculation have to estimate these effects based on a sample representing at least 70% of the sales in the period. The results are then extrapolated to all cables sold during the period. Considering the sales covered, the Rexel Group deems the effects thus measured forma reasonable estimate.

1.1.4 | Comparability of the Group's operating results

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

Excluding the effects of acquisitions and disposals

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

Excluding the effects of fluctuations in exchange rates

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

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

For the analysis of financial performance on a constant and 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" in the rest of this document.

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

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

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

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

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

- On a constant basis, adjusted, meaning on a constant basis and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons related to gross profit, distribution and administrative expenses and EBITA.

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above. It is subject to the review of the statutory auditors pursuant to Article L.823-10 of the French commercial code.

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

(in millions of euros)	Quarter ended June 30, 2010	Quarter ended June 30, 2009	Half-year ended June 30, 2010	Half-year ended June 30, 2009
Operating income before other income and other expenses	**140.8**	**101.5**	**245.1**	**179.0**
Changes in scope effects		0.6		1.2
Foreign exchange effects		6.4		9.8
Non-recurring effect related to copper	(5.2)	(6.5)	(12.9)	(3.6)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	7.3	4.8	12.3	9.6
Adjusted EBITA on a constant basis	**142.8**	**106.8**	**244.5**	**196.0**

1.2 | Major events of the first half of 2010

Rexel reached a turning point in the second quarter of 2010 with a return to organic sales growth after six consecutive quarters of decline. Sales grew by 2.3% on a constant basis and same number of working days in the second quarter of 2010 following a 5.7% decrease in the first quarter of 2010. Sales trends improved continuously quarter after quarter across all geographic areas: Europe was positive throughout the second quarter while North America is pursuing its recovery and recorded a positive sales trend in June and Asia-Pacific continued its growth at a sustained pace.

During the first half of 2010, the Group undertook to divest from some non-core assets part of ACE, the Agencies/Consumer Electronics division inherited from Hagemeyer.

In February 2010, the Group sold Hagemeyer Cosa Liebermann in Asia, pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, for a total consideration of USD 13.7 million (€9.9 million), of which €8.3 million was paid at the completion date. Proceeds net of cash disposed of amounted to €2.7 million,

On June 30, 2010, the Group completed the sale of Haagtechno B.V., pursuant to a sale and purchase agreement entered into with Panasonic Marketing Europe GmbH for a total consideration of €10.2 million, net of cash disposed of.

1.3 | Comparison of the financial results at June 30, 2010 and 2009

1.3.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first half-years and second quarters of 2010 and 2009, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**3,047.0**	**2,799.1**	**8.9%**	**5,744.6**	**5,608.9**	**2.4%**
Gross profit	744.6	685.2	8.7%	1,422.8	1,376.0	3.4%
Distribution and administrative expenses[(1)]	(596.5)	(578.9)	3.0%	(1,165.4)	(1,187.4)	(1.9)%
EBITA	**148.1**	**106.3**	**39.2%**	**257.4**	**188.6**	**36.4%**
Amortization[(2)]	(7.3)	(4.8)	52.8%	(12.3)	(9.6)	28.3%
Operating income before other income and expenses	**140.8**	**101.5**	**38.7%**	**245.1**	**179.0**	**36.9%**
Other income and expenses	(15.9)	(39.2)	(59.6)%	(31.1)	(77.8)	(60.1)%
Operating income	124.9	62.3		214.0	101.2	
Financial expenses	(52.8)	(37.0)	42.8%	(103.5)	(74.7)	38.5%
Share of profit in associates	1.5	0.0		0.4	0.0	
Income tax	(10.5)	(8.1)	29.0%	(18.5)	(8.5)	
Net income	63.1	17.2		92.4	18.0	
as a % of sales	*2.1%*	*0.6%*		*1.6%*	*0.3%*	

[(1)] Including depreciation:	(19.0)	(20.9)	(9.1)%	(38.0)	(41.8)	(9.0)%

[(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,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**3,047.0**	**2,954.0**	**3.2%**	**5,744.6**	**5,813.9**	**(1.2)%**
Same number of working days			*2.3%*			*(1.6)%*
Gross profit	739.6	714.0	3.6%	1,409.1	1,420.5	(0.8)%
as a % of sales	*24.3%*	*24.2%*		*24.5%*	*24.4%*	
Distribution and administrative expenses	(596.9)	(607.2)	(1.7)%	(1,164.6)	(1,224.6)	(4.9)%
as a % of sales	*(19.6)%*	*(20.6)%*		*(20.3)%*	*(21.1)%*	
EBITA	**142.8**	**106.8**	**33.7%**	**244.5**	**196.0**	**24.8%**
as a % of sales	***4.7%***	***3.6%***		***4.3%***	***3.4%***	

Sales

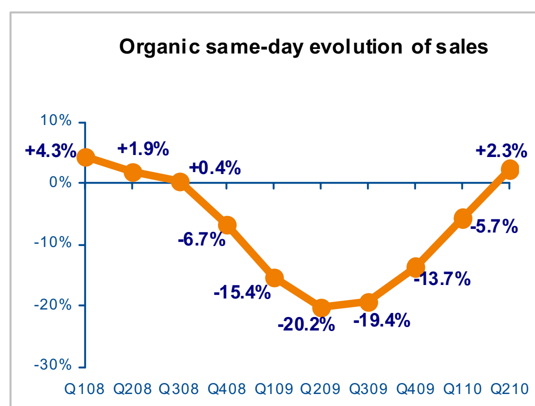
In the first half of 2010, Rexel's consolidated sales increased by 2.4% to €5,744.6 million. Acquisitions, net of divestitures, accounted for a decrease of €30.0 million, mainly related to the H.C.L. disposal, while the positive effect of changes in exchange rates amounted to €235.0 million, due to the appreciation of the Australian and Canadian dollars against the euro.

The following table analyzes the changes in sales growth between the first half-years and first and second quarters of 2010 and 2009, on a reported basis and on a constant basis and same number of working days:

		Growth 2010 vs. 2009		
		Q1	Q2	H1
Growth on a constant basis and same number of working days		(5.7)%	2.3%	(1.6)%
Number of working days effect		0.0%	0.9%	0.4%
Organic growth	(a)	*(5.7)%*	*3.2%*	*(1.2)%*
Changes in scope effects		(0.3)%	(0.8)%	(0.5)%
Foreign exchange effects		2.0%	6.3%	4.2%
Total scope and currency effects	(b)	*1.8%*	*5.5%*	*3.7%*
Effective growth (a) + (b)(1)		(4.0)%	8.9%	2.4%

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

In the first half of 2010, sales decreased by 1.6% on a constant basis and same number of working days, 4.8% at constant copper price. Higher copper-based cable prices compared to the year 2009 had an estimated positive impact of 3.2 percentage points. The negative impact of branch closures (114 branches closed over the last 12 months, of which 13 in the quarter) was estimated to account for 1.2 percentage points in the sales variation of the first half of 2010. In the second quarter of 2010, sales increased by 2.3% on constant basis and same number of working days, positive for the first time in six consecutive quarters. Branch network streamlining represented a negative impact on sales of 0.7 percentage points, while the rise in copper-based cable prices had a positive impact of 3.3 percentage points. Trends are improving in all geographic areas although volumes remain relatively low except in Asia-Pacific.



Gross profit

In the first half of 2010, gross profit amounted to €1,422.8 million, a 3.4% increase compared to 2009. On a constant basis, adjusted gross margin slitghtly improved by 10 basis points compared to 2009 from 24.4% in 2009 to 24.5% in 2010. This resilience reflects favorable channel mix (greater share of warehouse sales vs. direct sales), continued margin focus and incremental purchasing synergies with Hagemeyer. In the second quarter of 2010, adjusted gross margin increased by 10 basis points from 24.2% to 24.3% on a constant basis.

Distribution and administrative expenses

In the first half of 2010, on a constant basis, adjusted distribution and administrative expenses decreased by 4.9% between 2009 and 2010 compared to a 1.2% decrease in sales. Adjusted personnel expenses decreased by 4.6% on a constant basis resulting from headcount reductions and other measures implemented in 2009 to adapt to market conditions. At June 30, 2010, the number of employees was 27,840, down 6.8% compared to June 30, 2009, on a constant basis. Lease and

maintenance costs decreased thanks notably to the network reorganization (closing of 114 branches) and the lease renegotiations done in 2009. Transportation costs also decreased due to lower sales. Bad debt expenses, including credit insurance costs, increased by 13.0% compared to the first half of 2009, however remaining stable at 0.5% of sales.

EBITA

EBITA reached €257.4 million in the first half of 2010, a 36.4% increase compared to the first half of 2009 on a reported basis. On a constant basis, adjusted EBITA increased by 24.8% and adjusted EBITA margin by 90 basis points from 3.4% in 2009 to 4.3% in 2010. Impact of lower sales was more than compensated for by the improvement of gross margin and the effect of costs saving actions taken to reduce distribution and administrative expenses. In the second quarter of 2010, adjusted EBITA increased by 33.7% and adjusted EBITA margin improved by 110 basis points from 3.6% to 4.7% on a constant basis.

Other income and other expenses

In the first half of 2010, other income and other expenses were a net expense of €31.1 million and included €29.5 million of restructuring expenses related to restructuring plans initiated in 2009 to adapt the group structure to current trading. (These costs mainly include the effect of downsizing the distribution network and workforce adaptation in Europe for €22.6 million and in North America for €6.3 million).

In addition, other expenses were also comprised of the following items: (i) €4.2 million of goodwill impairment in Slovenia, (ii) €5.9 million loss related to the disposal of H.C.L. Asia, €2.7M€ loss related to the disposal of Haagtechno B.V.

Other income were comprised of (i) €3.6 million indemnification to be received from PPR, the former owner of Rexel, as a result of a warranty granted to Rexel in 2005, (ii) €1.9 million curtailment gain relating to the pension plan in the Netherlands, (iii) €2.4 million income related to the release of provisions in France and (iv) €2.8 million proceeds from building disposals located mainly in Sweden.

Financial expenses

In the first half of 2010, net financial expenses were €103.5 million compared to €74.7 million in the first half of 2009, and respectively the effective interest rate was 7.1% and 5.1% on the first half of 2010 and 2009. The increase is mainly due to the increase in credit margins between both periods, linked to the refinancing of the group in 2009.

In the second quarter of 2010, the effective interest rate was 6.8% compared to 5.1% in the second quarter of 2009.

Share of profit/(loss) in associates

In the first half of 2010, share of profit in associates was €0.4 million. This profit was related to the investment in DPI, a US consumer electronic distributor, accounted for the equity method as for December 31, 2009.

Tax expenses

The effective tax rate was 16.7% at June 30, 2010 compared to 32.0% at June 30, 2009. The effective tax rate is lower in 2010 due to the recognition of previous years' tax losses incurred in France and carried forward.

Net income

Net income amounted to €92.4 million in the first half of 2010 and €63.1 million in the second quarter of 2010, compared to €18.0 million in the first half of 2009 and €17.2 million in the second quarter of 2009.

Recurring net income was €87.6 million in the first half of 2010 and €57.2 million in the second quarter of 2010 compared to respectively €70.8 million and €41.2 million in 2009.

1.3.2 | Europe (59% of Group consolidated sales)

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**1,744.5**	**1,626.5**	**7.3%**	**3,365.3**	**3,272.6**	**2.8%**
Gross profit	451.7	422.6	6.9%	883.8	852.2	3.7%
Distribution and administrative expenses	(343.1)	(352.4)	(2.7)%	(687.9)	(719.9)	(4.4)%
EBITA	**108.6**	**70.2**	**54.8%**	**195.9**	**132.4**	**48.0%**
as a % of sales	*6.2%*	*4.3%*		*5.8%*	*4.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**1,744.5**	**1,657.5**	**5.3%**	**3,365.3**	**3,324.2**	**1.2%**
Same number of working days			*3.6%*			*0.1%*
Gross profit	447.3	423.4	5.6%	873.1	858.0	1.8%
as a % of sales	*25.6%*	*25.5%*		*25.9%*	*25.8%*	
Distribution and administrative expenses	(343.5)	(359.0)	(4.3)%	(687.4)	(731.0)	(6.0)%
as a % of sales	*(19.7)%*	*(21.7)%*		*(20.4)%*	*(22.0)%*	
EBITA	**103.8**	**64.4**	**61.1%**	**185.6**	**127.0**	**46.2%**
as a % of sales	***5.9%***	***3.9%***		***5.5%***	***3.8%***	

In the first half of 2010, sales increased by 2.8% in Europe compared to the first half of 2009 and reached €3,365.3 million. Acquisitions, net of disposals, accounted for a €3.2 million decrease, due to the disposal of a distribution network in Hungary in 2009, while changes in exchange rates accounted for a €54.9 million increase, mostly due to the appreciation of the Swedish Krona, Norwegian Krona and Pound Sterling against the euro. On a constant basis and same number of working days, sales increased by 0.1% in the first half of 2010, benefiting from copper-based cable prices increase compared to 2009. In the second quarter of 2010, sales increased by 3.6% on constant basis and same number of working days.

In France, sales amounted to €1,152.7 million in the first half of 2010, a 0.8% increase on a constant basis and same number of working days. Growth was driven by commercial and industrial end-markets while residential remained weak. Rexel implemented initiatives which contributed to the sales growth with governmental and institutional customers and recorded positive growth in lighting and cables (fostered by higher copper price). The Group estimates that it gained market share. In the second quarter of 2010, sales turned positive and increased by 3.9% on constant basis and same number of working days.

In the United Kingdom, sales amounted to €447.8 million in the first half of 2010, a 3.1% decrease on a constant basis and same number of working days. Economic overview remains unstable with public sector spending cuts announced. Sales to large contractors were still decreasing while small and medium contractors were resisting better. The Group estimates that it outperformed the market. In the second quarter of 2010, sales decreased by 2.0% on constant basis and same number of working days.

In Germany sales amounted to €443.0 million in the first half of 2010, a 22.7% increase on a constant basis and same number of working days. This performance was led by booming photovoltaic sales before the anticipated decrease of subsidies mid-2010 as well as the copper-based cable prices increase. The construction market remained stable at a low level. Sales improved in the industrial end-market, especially in the automotive sector, chemical and other manufacturers. The Group estimates that it outperformed the market. In the second quarter of 2010, sales increased by 28.7% on constant basis and same number of working days.

In Scandinavia sales amounted to €392.4 million in the first half of 2010, a 1.9% decrease on a constant basis and same number of working days. The activities in Finland recorded a 3.0% rise in sales driven by the recovery in Utilities and large nationwide contractors. The company estimated it has outperformed the market. In Sweden, sales decreased by 4.0% mainly in the Utilities and installers, mitigated by project sales to industrial customers. Sales in Norway posted a 2.4% decrease, due to delayed project in the Utility segment (projects delayed as a result of poor weather conditions). In the second quarter of 2010, sales increased by 3.4% on constant basis and same number of working days.

In the first half of 2010, gross profit amounted to €883.8 million, a 3.7% increase compared to 2009. On a constant basis, adjusted gross margin was 25.9% of sales in the first half of 2010, a 10 basis point improvement from 25.8% in the first half of 2009. This performance was mainly due to better purchasing terms, including synergies from the Hagemeyer integration. In the second quarter of 2010, adjusted gross margin improved by 10 basis points from 25.5% to 25.6% on a constant basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 6.0% compared to a 1.2% increase in sales. Specific actions were implemented in 2009 and continued in 2010 in some countries in order to adjust the costs structure to the level of demand and synergies resulting from the integration of Hagemeyer are progressing in line with expectations. Adjusted personnel expenses were reduced by 4.9% compared to the first half of 2009. The number of employees was reduced by 8.7% compared to June 30, 2009 on a constant basis, to 16,664 at June 30, 2010. Lease and maintenance expenses decreased compared to the first half of 2009 with branch network (closing of 62 branches) and real estate rationalization, offsetting increases due to inflation. Transportation costs also decreased due to lower sales. In the second quarter of 2010, adjusted distribution and administrative expenses decreased by 4.3% on a constant basis compared to a 5.3% increase in sales.

EBITA amounted to €195.9 million, a 48.0% increase compared to the first half of 2009. On a constant basis, adjusted EBITA increased by 46.2% and adjusted EBITA margin increased by 170 basis points to 5.5% in the first half of 2010. In the second quarter of 2010, adjusted EBITA increased by 61.1% on a constant basis and adjusted EBITA margin increased by 200 basis points to 5.9% of sales.

1.3.3 | North America (29% of Group consolidated sales)

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**919.2**	**844.3**	**8.9%**	**1,665.3**	**1,730.4**	**(3.8)%**
Gross profit	198.8	182.3	9.1%	362.7	370.4	(2.1)%
Distribution and administrative expenses	(171.6)	(158.4)	8.3%	(321.4)	(336.5)	(4.5)%
EBITA	**27.2**	**23.8**	**14.1%**	**41.3**	**33.9**	**21.8%**
as a % of sales	*3.0%*	*2.8%*		*2.5%*	*2.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**919.2**	**935.2**	**(1.7)%**	**1,665.3**	**1,807.9**	**(7.9)%**
Same number of working days			*(1.7)%*			*(7.3)%*
Gross profit	198.1	201.4	(1.6)%	359.9	389.4	(7.6)%
as a % of sales	*21.6%*	*21.5%*		*21.6%*	*21.5%*	
Distribution and administrative expenses	(171.4)	(174.8)	(2.0)%	(321.0)	(348.8)	(8.0)%
as a % of sales	*(18.6)%*	*(18.7)%*		*(19.3)%*	*(19.3)%*	
EBITA	**26.7**	**26.6**	**0.4%**	**38.8**	**40.6**	**(4.4)%**
as a % of sales	***2.9%***	***2.8%***		***2.3%***	***2.2%***	

In the first half of 2010, sales in North America amounted to €1,665.3 million, a 3.8% decrease compared to 2009. This decrease includes a €77.5 million favorable effect from changes in foreign exchange rates due to the depreciation of the Canadian dollar against the euro. On a constant basis and same number of working days, sales decreased by 7.3% in 2010 compared to 2009, despite higher copper-based cable prices compared to 2009. In the second quarter of 2010, sales decreased by 1.7% on constant basis and same number of working days but recorded a positive evolution in June 2010 compared to June 2009.

In the United States, sales amounted to €1,175.1 million in 2010, a 10.0% decrease on a constant basis and same number of working days. The prior closing of branch locations accounted for 3.1 percentage points of the decline. The industrial market was positive quarter after quarter compared to last year. The construction market shows some positive trends from prior periods through increasing number of bid from prior period, especially in public sectors, and backlogs continued to grow. Despite the economic environment, Rexel invested in growth initiatives in targeted applications and segments such as energy efficiency, transportation, infrastructure, education and healthcare, which mitigated the drop in sales. Sales to national retailers have been picking up. In the second quarter of 2010, sales decreased by 3.6% on constant basis and same number of working days, but recorded a positive figure in June 2010 compared to June 2009.

In Canada, sales amounted to €490.3 million in 2010, a 0.4% decrease on a constant basis and same number of working days. Commercial market and manufacturing sectors were picking up, in particular in Quebec and Ontario partly offset by low project activity in Alberta. Quoting remained active and backlog is increasing. In the second quarter of 2010, sales turned positive and increased by 3.1% on constant basis and same number of working days.

In the first half of 2010, gross profit amounted to €362.7 million, a 2.1% decrease compared to 2009. On a constant basis, adjusted gross margin increased by 10 basis points compared to 2009 at 21.6% of sales in 2010 both in the first half and in the second quarter of 2010. This positive variation mainly resulted from a change in the channel mix (a greater share of warehouse sales vs. direct sales), despite lower rebates and some price pressure notably in commodity prices.

On a constant basis, adjusted distribution and administrative expenses decreased by 8.0% compared to a 7.9% decrease in sales. Adjusted personnel costs decreased by 8.8% on a constant basis due to staff adaptation and benefits measures initiated in 2009. Headcount was reduced by 5.2% compared to June 30, 2009 on a constant basis, to 7,534 at June 30, 2010. Building costs benefited from network reorganization (closing of 36 branches) and lease renegotiations. Transportation costs also decreased due to lower sales. In the second quarter of 2010, adjusted distribution and administrative expenses decreased by 2.0% on a constant basis compared to a 1.7% decrease in sales.

EBITA amounted to €41.3 million in 2010, a 21.8% increase compared to 2009. On a constant basis, adjusted EBITA posted a 4.4% reduction and adjusted EBITA margin increased by 10 basis points to 2.3% in the first half of 2010. In the second quarter of 2010, adjusted EBITA increased by 0.4% on a constant basis and adjusted EBITA margin increased by 10 basis points to 2.9% of sales.

1.3.4 | Asia-Pacific (9% of Group consolidated sales)

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**287.4**	**219.3**	**31.0%**	**523.1**	**399.4**	**31.0%**
Gross profit	61.7	47.5	30.0%	114.1	89.8	27.1%
Distribution and administrative expenses	(45.7)	(35.4)	29.1%	(86.0)	(68.6)	25.4%
EBITA	**16.0**	**12.1**	**32.8%**	**28.1**	**21.2**	**32.7%**
as a % of sales	*5.6%*	*5.5%*		*5.4%*	*5.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**287.4**	**263.0**	**9.3%**	**523.1**	**481.8**	**8.6%**
Same number of working days			*9.9%*			*8.7%*
Gross profit	61.8	58.1	6.3%	114.0	110.5	3.2%
as a % of sales	*21.5%*	*22.1%*		*21.8%*	*22.9%*	
Distribution and administrative expenses	(45.7)	(43.4)	5.3%	(86.0)	(84.8)	1.4%
as a % of sales	*(15.9)%*	*(16.5)%*		*(16.4)%*	*(17.6)%*	
EBITA	**16.1**	**14.7**	**9.3%**	**28.0**	**25.7**	**9.0%**
as a % of sales	***5.6%***	***5.6%***		***5.4%***	***5.3%***	

In the first half of 2010, sales in the Asia-Pacific zone increased by 31.0% compared to 2009 to €523.1 million, and 8.7% on a constant basis and same number of working days. Acquisitions accounted for a €2.1 million increase, due to the Suzhou Xidian acquisition in February 2009, while changes in exchange rates accounted for a €80.3 million increase, mostly due to the appreciation of the Australian dollar against the euro. For the second quarter of 2010, sales were up 9.9% on a constant basis and same number of working days compared to last year.

In Australia, sales amounted to €331.2 million, a 4.4% increase compared to 2009 on a constant basis and same number of working days. The growth was driven by projects, mainly in New South Wales while Queensland was still affected by a slow economy. In the second quarter of 2010, sales increased by 7.4% on constant basis and same number of working days.

In New Zealand, sales amounted to €64.1 million in 2010, a 2.2% decrease compared to 2009 on a constant basis and same number of working days. Sales were still affected by the slowdown of the residential and commercial construction markets. In the second quarter of 2010, sales decreased by 1.6% on constant basis and same number of working days.

In Asia, sales amounted to €127.8 million in 2010, a 30.2% increase on a constant basis and same number of working days compared to 2009, with high performance in automation. In the second quarter of 2010, sales increased by 23.9% on constant basis and same number of working days.

In the first half of 2010, gross profit increased by 27.1% to €114.1 million. On a constant basis, adjusted gross margin decreased by 110 basis points to 21.8% in 2010. This was mainly due to a change in the regional mix (increase in share in Asia where gross margin is lower) together with a decrease in gross margin in Australia (increased share of projects, pressure on projects and cable margins) and China (driven by wholesale and project activity). In the second quarter of 2010, adjusted gross margin deteriorated by 60 basis points from 22.1% to 21.5% on a constant basis.

On a constant basis, adjusted distribution and administrative expenses increased by 1.4% compared to 2009, while sales increased by 8.6%. Adjusted personnel costs decreased by 1.5% on a constant basis. On a constant basis, headcount was reduced by 2.1% compared to June 30, 2009 to 2,616 at June 30, 2010. In the second quarter of 2010, adjusted distribution and administrative expenses increased by 5.3% on a constant basis, compared to a 9.3% increase in sales.

EBITA amounted to €28.1 million in 2010, a 32.7% increase compared to 2009. On a constant basis, adjusted EBITA increased by 9.0%, from 5.3% of sales in 2009 to 5.4% in 2010. In the second quarter of 2010, adjusted EBITA increased by 9.3% on a constant basis and adjusted EBITA margin was in line with 2009.

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

REPORTED	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**95.9**	**108.9**	**(12.0)%**	**190.9**	**206.6**	**(7.6)%**
Gross profit	32.4	32.9	(1.6)%	62.1	63.7	(2.4)%
Distribution and administrative expenses	(36.3)	(32.7)	10.9%	(70.1)	(62.5)	12.1%
EBITA	**(3.9)**	**0.2**	**-**	**(8.0)**	**1.1**	**-**
as a % of sales	*(4.1)%*	*0.2%*		*(4.2)%*	*0.6%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Half-year ended June 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**95.9**	**98.3**	**(2.5)%**	**190.9**	**200.1**	**(4.6)%**
Same number of working days			*(1.3)%*			*(4.1)%*
Gross profit	32.5	31.1	4.5%	62.2	62.6	(0.7)%
as a % of sales	*33.9%*	*31.6%*		*32.6%*	*31.3%*	
Distribution and administrative expenses	(36.3)	(30.0)	20.9%	(70.1)	(59.9)	17.0%
as a % of sales	*(37.8)%*	*(30.5)%*		*(36.7)%*	*(30.0)%*	
EBITA	**(3.8)**	**1.1**	**-**	**(8.0)**	**2.6**	**-**
as a % of sales	***(4.0)%***	***1.1%***		***(4.2)%***	***1.3%***	

Other operations segment's business comprises the Agencies/Consumer Electronics activity acquired in 2008 as part of the Hagemeyer acquisition.

In the first half of 2010, sales of the Agencies/Consumer Electronics activity (75% of other operations) posted a 8.9% decrease on a constant basis and same number of working days. Chile (19% of other operations) recorded a 16.2% increase on a constant basis and same number of working days. Disposals accounted for a €28.8 million decrease, mainly due to H.C.L. Asia disposal, while changes in exchange rates accounted for a €22.3 million increase, mostly due to the appreciation of the

Australian dollar against the euro. In the second quarter of 2010, sales decreased by 1.3% on constant basis and same number of working days.

On a constant basis, most of the adjusted EBITA decline was linked to both a lower performance in Agencies / Consumer Electronics and Chile and to low base in 2009 due to temporary measures to reduce cost.

1.4 | Outlook

Better-than-expected performance since the beginning of the year and improved prospects for the second-half of the year lead the Group to revise upwards its full-year targets:

- Sales should slightly increase on a constant and same-day basis *(vs. February guidance of a low single-digit drop on a constant and same-day basis)*,
- Adjusted EBITA margin should be above 4.5% *(vs. February guidance of an improvement over the 4.0% recorded in 2009)*,
- Free cash-flow before interest and tax should be above €400 million *(vs. February guidance of around €400 million)*.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow at June 30, 2010 and 2009

The following table sets out Rexel's cash flow for the second quarters and first semesters ended June 30, 2010 and 2009.

(in millions of euros)		Quarter ended June 30,		Half-year ended June 30,	
		2010	2009	2010	2009
Operating cash flow[1]		145.0	99.3	220.8	178.2
Interest	(a)	(32.9)	(24.5)	(87.0)	(59.5)
Taxes	(a)	(18.9)	(28.3)	(27.9)	(43.9)
Changes in working capital requirement		18.3	139.1	(20.4)	238.0
Net cash flow from operating activities	(b)	111.5	185.6	85.5	312.8
Net cash flow from investing activities		3.0	(37.3)	(6.2)	(53.1)
Including operating capital expenditures [2]	(c)	*(7.0)*	*(9.8)*	*(17.5)*	*(19.9)*
Net cash flow from financing activities		(132.6)	(167.8)	(167.3)	(403.6)
Net cash flow		(18.1)	(19.5)	(88.0)	(143.9)
Free cash flow:					
- before interest and taxes (b)-(a)+(c)		**156.3**	**228.6**	**182.9**	**396.3**
- after interest and taxes (b)+(c)		**104.5**	**175.8**	**68.0**	**292.9**
Working Capital Requirement as a % of sales[3]:				**June 30, 2010**	**June 30, 2009**
Reported				10.8%	11.4%
On a constant basis				11.3%	11.4%

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

[2] Net of disposals.

[3] Working capital requirement, 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 was a €85.5 million inflow in the first half of 2010 compared to €312.8 million inflow in the first half of 2009. In the second quarter of 2010, cash flow operating activities amounted to a €111.5 million inflow compared to €185.6 million in the second quarter of 2009.

Operating cash flow

The increase in the operating cash flow before interest, income tax and changes in working capital requirements from €178.2 million in the first half of 2009 to €220.8 million in the first half of 2010 mainly resulted from higher EBITDA (operating income before depreciation, other income and other expenses) which improved from €230.4 million in 2009 to €295.4 million in 2010 offset by the settlement of Ceteco litigation resulting in a €29.8 million payment in March 2010.

Interest and taxes

In the first half of 2010, interest paid amounted to €87.0 million compared to €59.5 million in the first half of 2009. The increase is mainly due to the increase in credit margins between both periods, linked to the refinancing of the group in 2009.

In the first half of 2010, income tax paid was €27.9 million compared to €43.9 million in the first half of 2009, mainly due to a higher tax refund received in the United States in connection with the 2008 tax loss carried-back.

Changes in working capital requirement

Changes in the working capital requirement amounted to an outflow of €20.4 million in the first half of 2010 compared to an inflow of €238.0 million in the first half of 2009, which recorded the effect of initiative taken to adjust working capital to the sharp drop in sales the first half of 2009.

As a percentage of the last 12-month sales, the working capital requirement decreased slightly from 11.4% at June 30, 2009 on a constant basis to 11.3% at June 30, 2010 excluding the effect of the derecognition of certain securitized receivables. At June 30, 2010, the working capital requirement included a €66.6 million positive effect of derecognized receivables under an off-balance sheet securitization program implemented in the United States in December 2009, which represented 50 basis points.

2.1.2 | Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities was a €6.2 million outflow in the first half of 2010 compared to €53.1 million in the first half of 2009. In the second quarter of 2010, cash flow from investing activities amounted to a €3.0 million inflow compared to €37.3 million outflow in the second quarter of 2009.

(in millions of euros)	Quarter ended June 30,		Half-year ended June 30,	
	2010	2009	2010	2009
Acquisitions of operating fixed assets[(1)]	(7.0)	(9.8)	(17.5)	(19.9)
Acquisitions of financial fixed assets[(1)]	10.1	(27.7)	12.0	(33.4)
Net change in long-term investments	(0.1)	0.2	(0.7)	0.2
Net cash flow from investing activities	3.0	(37.3)	(6.2)	(53.1)

[(1)] Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisitions of operating fixed assets, net of disposals, saw a €17.5 million outflow in the first half of 2010 compared to €19.9 million in the first half of 2009.

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

In the first half of 2009, gross capital expenditures amounted to €20.6 million, i.e. 0.4% of the sales of the period, of which €8.8 million related to IT systems, €8.2 million to the renovation of existing branches and the opening of new branches, €1.8 million to logistics and €1.8 million to other investments. Disposals of fixed assets in the first half of 2009 amounted to €2.4 million and mainly related to the disposal of three branches, one in the United States and two in the United Kingdom. Net changes in the related payables and receivables amounted to €1.7 million, accounting for an increase in the capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net resource of €12.0 million in the first half of 2010 compared to a disbursement of €33.4 million in the first half of 2009.

In the first half of 2010, proceeds with respect to the financial investments concerns the disposal of H.C.L. Asia and the disposal of Haagtechno B.V. for respectively €2.7 million and €10.2 million net of cash disposed of. Earn-out paid on previous acquisitions amounted to €0.9 million and was mainly related to the acquisition of Egley in New Zealand in 2008.

In the first half of 2009, consideration paid in respect of financial investments mainly included the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd. in China for CNY41.0 million (€4.7 million) and of additional Hagemeyer shares for €27.2 million, including acquisitions-related costs. Earn-out and price adjustments on previous acquisitions amounted to €1.5 million.

2.1.3 | Cash flow from financing activities

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

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

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

While inflows included:

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

In the first half of 2009, financing activities accounted for a €403.6 million outflow including:

- decrease in securitization programs for €279.8 million; and
- repayment of Facility D of the Senior Credit Agreement for €86.3 million;
- changes in other credit facilities for €41.2 million;
- repayments of finance lease liabilities for €4.6 million;
- transaction costs paid in connection with 2009 Group refinancing of €1.0 million;

While inflows included:

- net disposals of treasury shares for €8.6 million; and
- contribution received from minority shareholders for €0.7 million.

2.2 | Sources of financing of the Group

In addition to cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At June 30, 2010, Rexel's consolidated net debt amounted to €2,534.7 million, and was made up as follows:

(in millions of euros)	June 30, 2010 Current	Non current	Total	December 31, 2009 Current	Non current	Total
Senior notes	-	675.5	675.5	-	575.0	575.0
Senior credit facility	-	1,126.1	1,126.1	-	1,091.2	1,091.2
Securitization	-	985.0	985.0	-	1,056.6	1,056.6
Bank loans	8.3	1.9	10.2	3.9	2.3	6.2
Bank overdrafts and other credit facilities	85.6	-	85.6	83.5	-	83.5
Finance lease obligations	6.2	9.1	15.3	6.9	11.0	17.9
Accrued interests[(1)]	5.1	-	5.1	5.7	-	5.7
Less transaction costs	(17.3)	(53.0)	(70.3)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	**87.9**	**2,744.6**	**2,832.5**	**83.5**	**2,677.3**	**2,760.8**
Cash and cash equivalents			(285.2)			(359.6)
Fair value hedge derivatives			(12.6)			-
Net financial debt			**2,534.7**			**2,401.2**

(1) including accrued interest on Senior Notes for €2.4 million as of June 30, 2010 (€1.5 million as of December 31, 2009)

Net financial debt is detailed in Note 11 "Financial liabilities" to Rexel's Condensed Consolidated Interim Financial Statements as of June 30, 2010.

On January 20, 2010, Rexel issued €75 million senior unsecured notes in complement to the notes issued on December 21, 2009 in an amount of €575 million. These additional notes fully assimilated to the notes issued on December 21, 2009 bear interest at a rate of 8.25% and are redeemable on December 15, 2016.

The issue price was 102.33% of the principal amount corresponding to €76.7 million. Interest is due semi-annually on June 15 and December 15 each year, beginning on June 15, 2010.

As of June 30, 2010, the Group's liquidity amounted to €779 million including €205 million of cash net of overdrafts and €574 million of undrawn revolving credit.

The Indebtedness Ratio (adjusted consolidated net debt/adjusted consolidated EBITDA for the last 12 months) is compared to the covenant every six months. Commitments as defined by the amendment signed on December 21, 2009 are as below:

Date	06/30/2010	12/31/2010	06/30/2011	12/31/2011	06/30/2012	12/31/2012	06/30/2013	12/31/2013	06/30/2014
Commitment	5.15x	4.90x	4.50x	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x

At June 30, 2010, the Indebtedness Ratio calculation was:

(in millions of euros)	June 30, 2010
Net debt at closing currency exchange rates	2,534.7
Net debt at average currency exchange rates (A)	2,376.6
LTM Adjusted EBITDA (B)	606.8
Indebtedness ratio (A)/(B)	**3.92**

Indebtedness ratio, as calculated under the Senior Credit Agreement terms, stood at 3.92x at the end of June (vs. 4.32x at the end of December), well below the covenant limit of 5.15x and below 4.00x, leading to a 50bps reduction of the applicable margin to the Senior Credit Agreement. In accordance with the commitments undertaken in the Senior Credit Agreement, an indebtedness ratio below 4.00x at the end of the year allows Rexel to resume payment of a dividend in 2011.

2.3 | Events after the reporting period

At the date of the presentation of the activity report, there has been no subsequent event expected to have a significant impact on Rexel's financial situation.

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended June 30, 2010 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended June 30, 2010, the French version will prevail.

Table of contents

Consolidated income statement……..22
Consolidated statement of comprehensive income……..23
Consolidated balance sheet……..24
Consolidated statement of cash flows……25
Consolidated statement of changes in shareholders' equity……..26
Notes……27
1. | General information 27
2. | Significant accounting policies......27
3. | Segment reporting 29
4. | Distribution & administrative expenses......30
5. | Other income & other expenses 31
6. | Financial expenses (net) 33
7. | Income tax 33
8. | Share capital and issuance premium 34
9. | Earnings per share 35
10.| Share-based payments......35
11.| Financial liabilities......36
12.| Market risks and financial instruments 40
13.| Seasonality 43
14.Related party transactions......43
15.| Litigation 44
16.| Other potential liabilities 44
17.| Events after the reporting period 44
18.| Quarterly information 45

Consolidated income statement

(in millions of euros)	***Note***	**For the period ended June 30, 2010**	**2009**
Sales	***3***	5,744.6	5,608.9
Cost of goods sold		(4,321.8)	(4,232.9)
Gross profit		**1,422.8**	**1,376.0**
Distribution and administrative expenses	***4***	(1,177.7)	(1,197.0)
Operating income before other income and expenses		**245.1**	**179.0**
Other income	***5***	12.4	3.3
Other expenses	***5***	(43.5)	(81.1)
Operating income		**214.0**	**101.2**
Financial income		24.2	25.5
Interest expense on borrowings		(96.4)	(72.9)
Other financial expenses		(31.3)	(27.3)
Financial expenses (net)	***6***	*(103.5)*	*(74.7)*
Share of profit of associates		*0.4*	-
Net income before income tax		**110.9**	**26.5**
Income tax	***7***	(18.5)	(8.5)
Net income		**92.4**	**18.0**
Attributable to:			
Equity holders of the parent		92.0	17.9
Non-controlling interests		0.4	0.1
Earnings per share:			
Basic earnings per share (*in euros*)	***9***	0.35	0.07
Fully diluted earnings per share (*in euros*)	***9***	0.35	0.07

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

Consolidated statement of comprehensive income

(in millions of euros)	For the period ended June 30, 2010	2009
Net income	**92.4**	**18.0**
Foreign currency translation	175.8	68.2
Loss on cash flow hedges	(0.6)	(12.4)
Income tax	(0.9)	2.5
	(1.5)	(9.9)
Other comprehensive income for the period, net of tax	*174.3*	*58.3*
Total comprehensive income for the period, net of tax	**266.7**	**76.3**
Attributable to:		
Equity holders of the parent	264.8	76.4
Non-controlling interests	1.9	(0.1)

Consolidated balance sheet

(in millions of euros)	Note	As of June 30, 2010	As of December 31, 2009
Assets			
Goodwill		3,994.5	3,759.4
Intangible assets		955.6	927.8
Property, plant and equipment		258.6	261.6
Long-term investments		69.5	53.3
Investments in associates		6.3	5.9
Deferred tax assets		222.8	230.0
Total non-current assets		**5,507.3**	**5,238.0**
Inventories		1,227.8	1,141.4
Trade accounts receivable		2,096.7	1,901.5
Income tax receivable		40.4	32.0
Other accounts receivable		350.8	371.9
Assets classified as held for sale		9.8	10.5
Cash and cash equivalents	*11.1*	285.2	359.6
Total current assets		**4,010.7**	**3,816.9**
Total assets		**9,518.0**	**9,054.9**
Equity			
Share capital	*8*	1,298.2	1,291.1
Share premium	*8*	1,383.9	1,392.2
Reserves and retained earnings		997.2	720.9
Total equity attributable to equity holders of the parent		**3,679.3**	**3,404.2**
Non-controlling interests		9.7	7.8
Total equity		**3,689.0**	**3,412.0**
Liabilities			
Interest bearing debt	*11.1*	2,744.6	2,677.3
Employee benefits		187.3	173.8
Deferred tax liabilities		215.0	221.7
Provision and other non-current liabilities	*15*	181.9	235.4
Total non-current liabilities		**3,328.8**	**3,308.2**
Interest bearing debt	*11.1*	82.8	77.8
Accrued interest	*11.1*	5.1	5.7
Trade accounts payable		1,855.8	1,676.0
Income tax payable		15.2	22.9
Other current liabilities		541.3	552.3
Total current liabilities		**2,500.2**	**2,334.7**
Total liabilities		**5,829.0**	**5,642.9**
Total equity and liabilities		**9,518.0**	**9,054.9**

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

Consolidated statement of cash flows

(in millions of euros)	***Note***	For the period ended June 30, 2010	2009
Cash flows from operating activities			
Operating income		214.0	101.2
Depreciation, amortization and impairment of assets	***4 & 5***	54.7	65.5
Employee benefits		(5.8)	(7.4)
Change in other provisions		(48.8)	5.2
Other non-cash operating items		6.7	13.7
Interest paid		(87.0)	(59.5)
Income tax paid		(27.9)	(43.9)
Operating cash flows before change in working capital requirements		*105.9*	*74.8*
Change in inventories		(27.8)	151.4
Change in trade receivables		(100.6)	354.1
Change in trade payables		95.3	(313.1)
Changes in other working capital items		12.7	45.6
Change in working capital		*(20.4)*	*238.0*
Net cash from operating activities		**85.5**	**312.8**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(23.7)	(22.4)
Proceeds from disposal of property, plant and equipment		6.2	2.5
Acquisition of subsidiaries, net of cash acquired		(0.9)	(33.4)
Proceeds from disposal of subsidiaries, net of cash disposed		12.9	-
Change in long-term investments		(0.7)	0.2
Net cash from investing activities		**(6.2)**	**(53.1)**
Cash flows from financing activities			
Proceeds from the issue of share capital		6.4	-
Contribution received from non-controlling shareholders		-	0.7
Disposal of treasury shares		0.5	8.6
Net change in credit facilities and other financial borrowings	***11.3***	(35.6)	(128.5)
Net change in securitization	***11.3***	(135.6)	(279.8)
Payment of finance lease liabilities	***11.3***	(3.0)	(4.6)
Net cash from financing activities		**(167.3)**	**(403.6)**
Net decrease in cash and cash equivalents		(88.0)	(143.9)
Cash and cash equivalents at the beginning of the period		359.6	807.0
Effect of exchange rate changes on cash and cash equivalents		13.6	10.9
Cash and cash equivalents at the end of the period		**285.2**	**674.0**

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

Consolidated statement of changes in shareholders' equity

(in millions of euros)	***Note***	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	**Total attributable to the Group**	Non-controlling interests	**Total**
For the period ended June 30, 2009										
At January 1, 2009		**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.1**	**3,248.4**
Foreign currency translation		-	-	-	68.4	-	-	68.4	(0.2)	68.2
Cash flow hedges		-	-	-	-	(9.9)	-	(9.9)	-	(9.9)
Income and expenses recognized directly in equity		**-**	**-**	**-**	**68.4**	**(9.9)**	**-**	**58.5**	**(0.2)**	**58.3**
Net income		-	-	17.9	-	-	-	17.9	0.1	18.0
Total comprehensive income for the period		**-**	**-**	**17.9**	**68.4**	**(9.9)**	**-**	**76.4**	**(0.1)**	**76.3**
Issue of share capital		10.7	(17.6)	6.9	-	-	-	(0.0)	-	(0.0)
Share-based payments		-	-	2.7	-	-	-	2.7	-	2.7
Treasury shares		-	-	-	-	-	8.4	8.4	-	8.4
Transactions with non-controlling shareholders		-	-	(9.2)	-	-	-	(9.2)	(15.9)	(25.1)
At June 30, 2009		**1,290.7**	**1,392.3**	**729.5**	**(73.4)**	**(34.4)**	**(2.1)**	**3,302.6**	**8.1**	**3,310.7**
For the period ended June 30, 2010										
At January 1, 2010		**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.2)**	**3,404.2**	**7.8**	**3,412.0**
Foreign currency translation		-	-	-	174.3	-	-	174.3	1.5	175.8
Cash flow hedges		-	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Income and expenses recognized directly in equity		**-**	**-**	**-**	**174.3**	**(1.5)**	**-**	**172.8**	**1.5**	**174.3**
Net income		-	-	92.0	-	-	-	92.0	0.4	92.4
Total comprehensive income for the period		**-**	**-**	**92.0**	**174.3**	**(1.5)**	**-**	**264.8**	**1.9**	**266.7**
Issue of share capital	*8*	7.1	(8.3)	7.6	-	-	-	6.4	-	6.4
Share-based payments		-	-	3.7	-	-	-	3.7	-	3.7
Treasury shares		-	-	-	-	-	0.2	0.2	-	0.2
At June 30, 2010		**1,298.2**	**1,383.9**	**894.7**	**135.1**	**(30.6)**	**(2.0)**	**3,679.3**	**9.7**	**3,689.0**

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 (herein after referred to as ”the Group” or ”Rexel”).

The Group is involved in the business of the distribution of low and ultra low voltage electrical products to professional customers and serves the needs of a large variety of customers and markets in the fields of construction, industry and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China). Additionally, the Group also operates the Agencies-Consumer Electronics division (herein after referred to as ACE) as part of the assets acquired from Hagemeyer in 2008.

The present condensed consolidated interim financial statements cover the period from January 1, 2010 to June 30, 2010, and have been authorized for issue by the Management Board on July 22, 2010.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of compliance

These condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ended June 30, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of June 30, 2010. IFRSs such as adopted by the European Union can be consulted on internet site of the European commission (http://ec.europa.eu/internal_market/accounting/ias_fr). In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. Pursuant to IAS 34, they do not include all the information required in the annual financial statements, but only selected explanatory notes, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 included in the Document de référence registered by the Autorité des Marchés Financiers on April 21, 2010 under number R.10-024.

2.2 | Basis of preparation

The accounting policies used in the condensed financial statements for the period ended June 30, 2010 are identical to those used and described in the consolidated financial statements for the year ended December 31, 2009, with the exceptions of new standards and interpretations disclosed in Note 2.2.1. New standards and interpretations applicable starting January 1, 2010 did not have any significant impact on the Group’s financial situation or condensed financial statements for the period ended June 30, 2010.

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

2.2.1 New accounting standards and interpretations in effect starting from 2010

The following new and amended standards and interpretations previously endorsed by the EU were applied for the first time in the financial statements for 2010 but their adoption had no material effect on the Group's reporting:

- improvements to IFRS issued in May 2008 in respect of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations";
- revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements" issued in January 2008 apply prospectively for transactions occurring after January 1, 2010. IFRS 3 (Revised) introduces changes in the accounting for business combinations that affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions no longer give rise to goodwill, nor do they give rise to gains or losses in the income statement. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as for the loss of control of a subsidiary.
- amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" issued in July 2008. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as hedged risk or portion in a particular situation;
- interpretations IFRIC 15 "Agreements for Construction of Real Estate", IFRIC 17 "Distribution of Non-cash Assets to Owners" and IFRIC 18 "Transfer of Assets from Customers";
- amendment to IFRS 1 "First Time Adoption of IFRS : Additional Exemptions for First-Time Adopters". The amendment exempts entities using the full cost method from retrospective application of IFRSs for oil and gas assets and exempts entities with existing lease contracts from reassigning the classification of those contracts in accordance with IFRIC 4 "Determining whether an Arrangement contains a Lease" when the application of their national accounting requirements produced the same result.
- amendments to IFRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions" addresses the treatment of such transactions when, within a Group, the entity that receives goods or services is not the one that settles the transaction;
- improvements to IFRS issued in April 2009 clarify or introduce changes to several IFRS and IFRIC.

In addition, the following interpretations endorsed by the EU were previously applied by the Group by anticipation. Therefore their adoption had no material effect on the Group's reporting for 2010:

- interpretation IFRIC 12 – Service Concession Arrangements,
- interpretation IFRIC 16 – Hedges of net investment in a foreign operation.

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

The Group elected not to apply by anticipation the following new and amended standards and interpretations endorsed by the EU:

- Amendment to IAS 32 "Financial Instruments - Presentation" - Classification of Rights Issues addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. This amendment will be effective for financial years beginning on or after February 1, 2010 and is not expected to have a material impact on the Group's financial statements.

3. | SEGMENT REPORTING

In accordance with IFRS 8 “Operating segments”, operating segments are based on the Group's financial reporting structure. The Group's financial reporting is organised into geographical areas for its electrical equipment distribution business while non-core operations and certain businesses managed directly at Group level are reported independently. The Group financial reporting is regularly reviewed by the Management Board acting as the chief operating decision maker.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution business in Chile and other operations such as the Agencies/Consumer Electronics division (ACE) and businesses managed at Group level.

Geographical segment information for the periods ended June 30, 2010 and June 30, 2009

2010

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended June 30							
Sales to external customers................	3,365.3	1,665.3	523.1	190.9	**5,744.6**	-	**5,744.6**
EBITA [(1)]..	195.9	41.3	28.1	4.7	**270.0**	(12.6)	**257.4**
Working capital................................	745.8	365.7	123.4	60.2	**1,295.1**	(5.7)	**1,289.4**
Goodwill...	2,651.4	1,093.0	241.2	8.9	**3,994.5**	-	**3,994.5**

2009

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended June 30							
Sales to external customers................	3,272.6	1,730.4	399.4	206.5	**5,608.9**	-	**5,608.9**
EBITA [(1)]..	132.4	33.9	21.2	6.6	**194.1**	(5.5)	**188.6**
For the period ended December 31							
Working capital................................	730.8	320.2	101.5	58.0	**1,210.5**	(11.2)	**1,199.3**
Goodwill...	2,602.0	931.1	217.9	8.4	**3,759.4**	-	**3,759.4**

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

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

(in millions of euros)	For the period ended June 30,	
	2010	2009
EBITA - Total Group……………………………………….	**257.4**	**188.6**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities…	(12.3)	(9.6)
Other income and other expenses………………………..	(31.1)	(77.8)
Net financial expenses……………………………………..	(103.5)	(74.7)
Share of profit of associates………………………………	0.4	-
Group consolidated income before income tax…...	**110.9**	**26.5**

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

(in millions of euros)	As of June 30	As of December 31
	2010	2009
Working capital………………………………………………..	1,289.4	1,199.3
Goodwill……………………………………………………….	3,994.5	3,759.4
Total allocated assets & liabilities …………………….	**5,283.9**	**4,958.7**
Liabilities included in allocated working capital……………	2,382.8	2,214.3
Other non current assets……………………………………	1,290.0	1,248.6
Deferred tax assets…………………………………………	222.8	230.0
Income tax receivable………………………………………..	40.4	32.0
Assets classified as held for sale…………………………	9.8	10.5
Derivatives…………………………………………………	3.1	1.2
Cash and cash equivalents…………………………………	285.2	359.6
Group consolidated total assets…………………………	**9,518.0**	**9,054.9**

4. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended June 30,	
	2010	2009
Personnel costs (salaries & benefits) ………………………	683.7	692.9
Building and occupancy costs ……………………………	134.2	143.9
Other external costs ………………………………………	279.2	282.4
Depreciation expense ……………………………………	38.0	41.8
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities ..	12.3	9.6
Bad debt expense …………………………………………	30.3	26.4
Total distribution and administrative expenses	**1,177.7**	**1,197.0**

5. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended June 30, 2010	2009
Capital gains	2.8	1.8
Release of unused provisions	4.0	0.8
Other operating income	5.6	0.7
Total other income	**12.4**	**3.3**
Restructuring costs	(29.5)	(53.0)
Loss on non-current assets disposed of	(9.1)	(10.6)
Costs related to transactions following the IPO	-	(2.3)
Goodwill & intangible assets impairment	(4.2)	(14.2)
Tangible assets impairment	(0.2)	-
Other operating expenses	(0.5)	(1.0)
Total other expenses	**(43.5)**	**(81.1)**

5.1 | Other income

Capital gains

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

For the first half of 2009 the proceeds from disposal included three branches, one in the United-States for €1.3 million and two in the United-Kingdom for €0.2 million.

Release of unused provisions

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

Other operating income

For the period ended June 30, 2010, other operating income included (i) the effect of a €1.9 million curtailment gain relating to the pension plan in the Netherlands, and (ii) a €3.6 million indemnification relating to a tax claim to be received from PPR, the former owner of Rexel, as a result of a warranty granted to Rexel in 2005.

5.2 | Other expenses

Restructuring costs

For the period ended June 30, 2010, restructuring costs are mainly related to restructuring plans initiated in 2009 to adapt the group structure to current trading. These costs mainly include the effect of downsizing the distribution network and workforce adaptation in Europe for €22.6 million (of which €12.1 million in France and €4.2 million in Sweden) and in North America for €6.3 million (of which €5.9 million in the United-States).

For the first half of 2009, this line item amounted to €53.0 million and included mainly restructuring due to the slowdown of activity and integration costs following the Hagemeyer acquisition.. These costs were mainly related to Europe for € 42.9 million (of which Spain for €14.2 million, France for €11.3 million, Germany for €5.2 million) and North America for €8.5 million (of which €6.7 in the United States)..

Loss on non-current assets disposed of or written-off

For the period ended June 30, 2010, loss on non-current assets disposed of is related to the sale of two legacy non-core businesses from Hagemeyer:

- Hagemeyer Cosa Liebermann in Asia (HCL Asia), operating as a wholesaler and duty-free agent of luxury goods in Asian countries. Pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, a privately held Swiss company, the disposal was completed on February 25, 2010 for a total consideration of USD 13.7 million (€9.9 million), of which USD 11.6 million was paid at the completion date. The remaining amount, paid on an escrow account, is subject to price adjustment based on the net asset value to be determined by both parties at transaction date. Capital loss on this disposal amounted to €5.9 million with no tax effect on this transaction
- Haagtechno B.V., a private company in the Netherlands engaged in the business of the import, warehousing and distribution of electronic products manufactured by Panasonic. Pursuant to a sale and purchase agreement entered into with Panasonic Marketing Europe GmbH, the disposal was completed on June 30, 2010 for a total consideration of €15.5 million. This amount was paid at completion date. Capital loss on this disposal amounted to €2.7 million with no tax effect on this transaction.

In addition, assets writen-off for the period ended June 30, 2010 amounted to €0.5 million.

For the first half of 2009, this line item included for €4.0 million the loss on disposals of assets in Hungary on April 2009, the write-off of IT licences in France for €4.1 million and the impact of branches closures in Spain for €1.8 million.

Costs related to transactions following the IPO

For the first half of 2009, costs related to transactions following the IPO concerned the free share scheme implemented at the time of the IPO in 2007 for €2.3 million. This non-cash expense has been determined according to provisions of IFRS 2 “Share-based payments”.

Goodwill and assets impairment

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

For the first half of 2009, goodwill was impaired for €8.0 million with regard to operations in Slovakia and €4.6 million with regard to operation in Finland. In addition, an impairment of €1.4 million was recognised on a building in Belgium to bring its carrying value to fair value less costs to sell upon classification as an asset held for sale, this building being sold in second half of 2009.

6. | FINANCIAL EXPENSES (NET)

Net financial expenses are comprised of the following items:

(in millions of euros)	For the period ended June 30, 2010	2009
Expected return on employee benefit plan assets	23.0	20.1
Interest income on cash and cash equivalents	0.3	0.9
Interest income on receivables and loans	0.9	1.3
Gain on financial instruments held for trading	-	3.2
Financial income	**24.2**	**25.5**
Interest expense on financial debt (stated at amortized costs):	(75.1)	(59.8)
- Senior Credit Facilities	*(27.2)*	*(33.1)*
- Senior Notes	*(26.3)*	*(0.1)*
- Securitization	*(9.7)*	*(11.8)*
- Other financing	*(2.8)*	*(6.5)*
- Finance leases	*(0.7)*	*(1.0)*
- Amortization of transaction costs	*(8.4)*	*(7.3)*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(19.6)	(12.1)
Change in fair value through profit and loss (foreign exchange rate)	7.4	(4.6)
Ineffectiveness of fair value hedge derivatives	(0.8)	-
Foreign exchange gain (loss) on financial liabilities	(8.3)	3.6
Interest expense on borrowings	**(96.4)**	**(72.9)**
Interest cost of employee benefit obligation and other long-term liabilities	(28.5)	(26.8)
Financial expenses (other)	(2.8)	(0.5)
Other financial expenses	**(31.3)**	**(27.3)**
Financial expenses (net)	**(103.5)**	**(74.7)**

7. | INCOME TAX

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

The effective tax rate for the period ended June 30, 2010 is 16.7%, compared with 32.0% for the period ended June 30, 2009. In 2010, the expected year-ended tax rate includes the tax effect of the recognition of prior year tax losses carried forward in France that accounts for a decrease in tax rate of 14.1%. As disclosed in the consolidated financial statements as of December 31, 2009, the Group elected to consider the new French tax on companies' value added (Cotisation sur la Valeur Ajoutée des Entreprises "CVAE"), calculated on a net amount of income and expenses as income tax under IAS12. Therefore, the related expense is presented in the income tax line item in 2010 for an amount of €3.5 million for the six first months of 2010. In addition, since some items such as assets depreciation expense, allowance for bad debt and inventories are not included in the value added calculation (which is the tax basis of this new tax) and will generate future tax basis, a deferred tax liability on these items of the relevant entities was recognized for €0.4 million at June 30, 2010.

8. | SHARE CAPITAL AND ISSUANCE PREMIUM

Since January 1, 2010, the Group has registered the followings movements in shareholders' equity following the issuance of ordinary shares, with a notional amount of €5 per share:

	Number of Shares	Share capital	Issuance premium
		(in millions of euros)	
On January 1, 2010 ………………………………………..…….	**258,220,018**	**1,291.1**	**1,392.2**
Exercise of share options [(1)]……………………………………	1,285,224	6.4	-
Issuance of shares in connection with free share plan [(2)]…..	146,031	0.7	(0.7)
Allocation of free shares [(3)]………………………………………	-	-	(7.6)
On June 30, 2010 ……………………………………..……….	**259,651,273**	**1,298.2**	**1,383.9**

[(1)] *Exercise of share options*

On October and November 2005, Rexel established share options programs that entitle key management personnel and senior employees to purchase shares of Rexel. Options granted under these plans vested in full upon the Initial Public Offering of Rexel in April 2007 and are exercisable until October and November 2016. During the period ended June 30, 2010, 1 285 224 options were exercise under these plans.

[(2)] *Issuance of shares in connection with free share plan*

On June 23, 2008, Rexel entered into several free share plans for its top executives and key employees under which these employees and executives will either be eligible to receive Rexel shares two years after granting date, so-called "2+2 Plan" or four years after the granting date with no subsequent restrictions, so-called "4+0 Plan". The issuance of these free shares was subject to service and performance conditions.

On June 24, 2010, under the so-called "2+2 Plan", 146,031 free shares were fully vested and therefore the company issued these new shares to be remitted to the beneficiaries by deduction from the issuance premium and incorporation to share capital.

[(3)] *Allocation of free shares attributed*

Pursuant to the authorization granted by the shareholders' meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board held on May 11, 2010 decided to allocate a maximum of 1 519 862 free shares to top managers and key employees (see note 10). The Management Board decided that the free shares to be remitted to the beneficiaries when vested, will be created by issuance of new shares and therefore decided to constitute an allowance of undistributable reserve by deduction of the issuance premium.

9. | EARNINGS PER SHARE

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

	For the period ended June 30,	
	2010	**2009**
Net income attributed to ordinary shareholders (in millions of euros)……	***92.0***	***17.9***
Weighted average number of ordinary shares outstanding (*in thousands*)……	258,974	255,760
Potential ordinary shares (*in thousands*)…………………………………………	2,635	3,213
Weighted average number of ordinary shares (in thousands)…………….	***261,609***	***258,973***
Basic earnings per share (*in euros*) …………………………………………	**0.35**	**0.07**
Net income attributed to ordinary shareholders (in millions of euros)…..	***92.0***	***17.9***
Weighted average number of ordinary shares (in thousands)…………………...	261,609	258,973
Potential dilutive ordinary shares (*in thousands*)………………………………..	*1,446*	*936*
- out of which are share options (in thousands) ……………………………	*319*	*127*
- out of which are free shares (in thousands) ……………………………… [1]	*1,127*	*809*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (in thousands) …………………………	***263,055***	***259,908***
Fully diluted earnings per share (*in euros*) …………………………………	**0.35**	**0.07**

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

10. | SHARE-BASED PAYMENTS

On May 11, 2010, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,519,862 shares. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after granting date (May 12, 2012), these being restricted during an additional two year period (May 12, 2014), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions , the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

Beneficiaries ……………………………	**Members of Group Executive Committee and top managers**		**Other key employees**		**Total**
Vesting conditions …………………….	Two year service condition from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		20% of the shares vested based on a two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		
Plan ………………………………………	2+2	4+0	2+2	4+0	
Date of delivery …………………………	May 12, 2012	May 12, 2014	May 12, 2012	May 12, 2014	
Maximum number of shares granted on May 11, 2010 …………………………	391,306	544,262	160,836	423,458	**1,519,862**

Under this free shares plan, the executive committee members may receive, subject to presence and performance conditions, a maximum number of 450,015 shares of Rexel.

The fair value of Rexel's shares granted to employees is estimated at €10.8 per share, based upon the stock price at grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

The related expense for free share plans are accounted for in "Distribution and administrative expenses" (except the 2007 plan accounted for in "Other expenses" in consideration of the non-recurring nature of the IPO) and are summarized as follows:

(in millions of euros)	For the period ended June 30,	
	2010	**2009**
Plans issued in 2007	-	2.3
Plans issued in 2008	1.1	(0.1)
Plans issued in 2009	1.6	0.4
Plans issued in 2010	1.0	-
Total free share plans expense	**3.7**	**2.6**

11. | FINANCIAL LIABILITIES

This note provides information about financial liabilities as of June 30, 2010. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

11.1 | Net financial debt

(in millions of euros)	**As of June 30, 2010**			**As of December 31, 2009**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior Notes	-	675.5	675.5	-	575.0	575.0
Senior Credit Facilities	-	1,126.1	1,126.1	-	1,091.2	1,091.2
Securitization	-	985.0	985.0	-	1,056.6	1,056.6
Bank loans	8.3	1.9	10.2	3.9	2.3	6.2
Bank overdrafts and other credit facilities	85.6	-	85.6	83.5	-	83.5
Finance lease obligations	6.2	9.1	15.3	6.9	11.0	17.9
Accrued interests [(1)]	5.1	-	5.1	5.7	-	5.7
Less transaction costs	(17.3)	(53.0)	(70.3)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	**87.9**	**2,744.6**	**2,832.5**	**83.5**	**2,677.3**	**2,760.8**
Cash and cash equivalents			(285.2)			(359.6)
Fair value hedge derivatives			(12.6)			-
Net financial debt			**2,534.7**			**2,401.2**

(1) including accrued interests on Senior Notes for €2.4 million as of June 30, 2010 (€1.5 million as of December 31, 2009)

11.1.1 Senior Credit Agreement

As of June 30, 2010, facilities under the Senior Credit Agreement are as follows:

Credit Facility (Term Loan)	Commitment	Borrower	Balance due as of June 30, 2010	Currency	Balance due as of June 30, 2010
	(in millions of euros)		*(in millions of local currency)*		*(in millions of euros)*
Facility A	600.0	Rexel SA	198.0	CHF	149.1
			564.1	USD	459.7
Facility B	1,100.0	Rexel SA	500.0	SEK	52.5
			201.0	CAD	155.9
			237.9	USD	193.9
			115.0	EUR	115.0
TOTAL	**1,700.0**				**1,126.1**

These multicurrency credit facilities bear interest at Euribor or Libor rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio. At June 30, 2010 the applicable margin stood at 3.00% for Facility A and 3.25% for Facility B.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels:

Date	Pro forma leverage Ratio
June 30, 2010 …………………………	5.15:1
December 31, 2010 …………………..	4.90:1
June 30, 2011 …………………………	4.50:1
December 31, 2011 …………………..	4.00:1
June 30, 2012 …………………………	3.75:1
December 31, 2012 …………………..	3.50:1
June 30, 2013 …………………………	3.50:1
December 31, 2013 …………………..	3.50:1
June 30, 2014 …………………………	3.50:1

As of June 30, 2010, this ratio was 3.92, thus satisfying the covenant with 31.5% headroom.

In accordance with this ratio, the applicable margin for Facilities A and B will therefore be reduced down to 2.5% and 2.75% respectively from the next renewal of these facilities following the issuance of the condensed consolidated interim financial statements as of June 30, 2010.

11.1.2 Securitization programs

The Group handles several on-balance sheet securitization programs, which enable the Group to obtain financing at a lower cost than bonds or bank loans.

Considering their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables selling programs do not qualify for derecognition under IAS 39 requirements. Therefore assigned receivables remain presented as assets on the Group's balance sheet on the line "trade accounts receivable" whereas the amount due is considered as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2010, Rexel had satisfied all of these covenants.

Securitization programs features are summarized in the table below:

	(in millions of currency)			*(in millions of euros)*		
Program	**Commitment**	**Amount of receivables pledged on June 30, 2010**	**Amount drawn on June 30, 2010**	**Outstanding amount on June 30, 2010**	**Outstanding amount on December 31, 2009**	**Maturity date**
2005 - Europe and Australia	EUR 600	EUR 504.8	EUR 379.0	379.0	478.6	20/11/2011
United States	USD 250	USD 336.1	USD 223.6	182.2	155.8	23/12/2014
Canada [(1)]	CAD 140	CAD 196.0	CAD 140.0	108.6	107.1	13/12/2012
2008 - Europe	EUR 450	EUR 390.4	EUR 315.2	315.2	315.1	17/12/2013
TOTAL				**985.0**	**1,056.6**	

(1) Commitment reduced from 175 MCAD to 140 MCAD in April 2010.

At June 30, 2010, the total commitment of the on-balance-sheet securitization program amounted to €1,362.3 million and was utilized up to €985.0 million.

In addition to the on-balance sheet securitization programs, Rexel also operates an off-balance sheet program restricted to its US operations. Under this program, all risks and rewards attached to the receivables are transferred to the purchaser and such receivables are derecognized from the balance sheet.

The maximum funding amount is limited to USD220 million. As of June 30, 2010, the amount of derecognized receivables was €91.4 million (USD112.1 million) and the resulting loss recorded as financial expense was €2.6 million. Collections received from derecognised receivables that have not yet been remitted to the purchaser amounted to €24.7 million (USD30.3 million) and were recorded as financial liabilities.

11.2 | Repayment schedule

The contractual repayment schedule of financial debt net of transaction costs is as follows:

(in millions of euros)	As of June 30,	As of December 31,
Due within	**2010**	**2009**
One year	105.1	99.9
Two years	3.4	4.0
Three years	511.6	584.7
Four years	314.8	314.6
Five years	1,284.1	1,248.8
Thereafter	683.7	584.1
Sub-total financial debt	**2,902.7**	**2,836.1**
Less transaction costs	(70.2)	(75.3)
Financial debt	**2,832.5**	**2,760.8**

11.3 | Change in net financial debt

As of June 30, 2010 and June 30, 2009, change in net financial debt is as follows:

(in millions of euros)	2010	2009
At January 1	**2,401.2**	**2,932.0**
Reimbursement of 2008 Senior Credit Agreement	-	(86.3)
Transaction costs related to the 2008 Senior Credit Agreement	-	(1.0)
Subscription of Senior Notes	76.7	-
Net change in Term Loan facilities	(101.0)	-
Transaction costs related to the 2009 refinancing	(3.0)	-
Net change in other credit facilities and bank overdrafts	(8.3)	(41.2)
Net change in credit facilities	**(35.6)**	**(128.5)**
Net change in securitization	(135.6)	(279.8)
Payment of finance lease liabilities	(3.0)	(4.6)
Net change in financial liabilities	***(174.2)***	***(412.9)***
Change in cash and cash equivalents	88.0	143.9
Foreign currency exchange discrepancies	198.4	33.0
Change in consolidation scope	0.2	5.2
Amortization of transaction costs	8.4	7.3
Fair value hedge adjustment and other	12.7	(0.6)
At June 30	**2,534.7**	**2,707.9**

On January 20, 2010, Rexel issued €75 million senior unsecured notes in complement to the notes issued on December 21, 2009 in an amount of €575 million. These additional notes fully assimilated to the notes issued on December 21, 2009 bear interest at a rate of 8.25% and are redeemable on December 15, 2016.

The issue price was 102.33% of the principal amount corresponding to €76.7 million. Interests are due semi-annually on June 15 and December 15 each year, beginning on June 15, 2010.

12. | MARKET RISKS AND FINANCIAL INSTRUMENTS

12.1 | Interest rate hedging

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one year rolling basis (including fixed and capped interest rates) close to 80% of the net financial debt and the remaining at variable interest rates.

Every month the Group monitors the interest rate risk through a group treasury committee, which involves the top management. This process enables the Group to assess the efficiency of the hedges and to adapt them to the underlying indebtedness when necessary.

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

(in millions of euros)	As of June 30, 2010	As of December 31, 2009
Senior notes and other fixed rate debt [1]	663.2	585.5
Fixed rate debt before hedging	*663.2*	*585.5*
Variable to fixed rate swaps	1,266.2	1,047.8
Fixed to variable rate swaps	(475.0)	(225.0)
Interest rate options - Collars	728.5	1,057.6
Sub total fixed or capped rate debt after hedging	***2,182.8***	***2,465.9***
Variable rate debt before hedging	2,156.7	2,175.3
Variable to fixed rate swaps	(1,266.2)	(1,047.8)
Fixed to variable rate swaps	475.0	225.0
Active interest rate options - Collars [2]	(728.5)	(1,057.6)
Cash and cash equivalents	(285.2)	(359.6)
Sub total current variable rate debt after hedging	***351.9***	***(64.7)***
Total net financial debt	**2,534.7**	**2,401.2**

(1) After deduction of a €12.6 million fair value adjustment relating to the Senior Notes in respect of fair value hedging

(2) Interest options for which one of the strikes (for caps or floors) is in the money

Fair value hedge derivatives

As of February 26, 2010, Rexel entered into a partial term hedge strategy to hedge the change in fair value of the €650 million Senior Notes issued at fixed rate of 8.25%. The partial term hedge aims at hedging the evolution of forward rates and is comprised of various floating rate paying interest swaps maturing in December 2016 with a notional amount of €650 million reduced to €550 million and €475 million respectively at the end of April and June 2010 and three swaps paying fixed rates totalling €350 million and maturing between March 2011 and March 2013.

As of June 30, 2010, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	Total notional amount (in millions of currency)	Maturity	Weighted average fixed rate paid (received)	Variable rate paid (received)	Fair value (in millions of euros)
Swaps paying variable rate					
Euro [(1)]………………………………	475.0	December 2016	(2.87%)	3M Euribor	**19.6**
Swaps paying fixed rate					
Euro ………………………………	(100.0)	March 2011	2.67%	(3M Euribor)	**(1.3)**
Euro ………………………………	(150.0)	March 2012	2.19%	(3M Euribor)	**(2.9)**
Euro ………………………………	(100.0)	March 2013	2.29%	(3M Euribor)	**(2.8)**
Total					**12.6**

(1) The initial notional amount of €650 million then reduced to €475 million at the end of June 2010, resulted in €4.0 million premium received that was recognized as an adjustment of the hedged item measured at amortised cost and was recognized to income statement over the remaining term of the debt instrument (or hedged item).

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss as interest expenses on borrowings. The changes in fair value of the fair value hedge derivatives and of the hedged item are recognized in profit or loss to match each other. The change in fair value of these swaps for the period ended June 30, 2010 was a gain of €17.4 million, matched against a loss of €18.4 million resulting from the change in the fair value of the Senior Notes.

Cash flow hedge derivatives

In accordance with the policy laid down above, the Group has entered into several interest–rate swap and collar contracts.

It is the Group's intention to renew a material part of these swaps when they mature in order to hedge the variability of future interest expense related to its floating interest debt in accordance with its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

As of June 30, 2010, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount (in millions of currency)	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value (in millions of euros)
Swaps paying fixed rate					
Swiss Franc ……………………	50.0	March 2011	3M Libor	0.35%	(0.1)
Swiss Franc ……………………	40.0	March 2013	3M Libor	0.94%	(0.3)
Canadian Dollar …………………	70.0	March 2013	3M Libor	2.72%	(1.3)
Swedish Krona …………………...	500.0	September 2012	3M Stibor	2.59%	(1.0)
US Dollar …………………………	200.0	September 2011	3M Libor	3.35%	(5.2)
US Dollar …………………………	230.0	December 2011	3M Libor	3.50%	(7.5)
US Dollar …………………………	200.0	September 2012	3M Libor	3.18%	(7.8)
US Dollar …………………………	280.0	March 2013	3M Libor	2.82%	(10.0)
Pound Sterling [(1)] ………………..	25.0	March 2012	3M Libor	1.97%	(0.2)
Total					**(33.3)**

(1) Beginning in March 2011

	Total notional amount *(in millions of currency)*	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value *(in millions of euros)*
Collars					
Euro [(1)]………………..	550.0	March 2011	3M Euribor	2,65%-4,50%	(6.9)
Pound Sterling……..…	66.0	March 2011	3M Libor	3,75%-5,75%	(1.6)
Canadian Dollar …….	126.0	March 2011	3M C-Dor	2,75%-5,00%	(1.2)
Total					**(9.7)**

(1) The initial notional amount of €900 million was reduced to €550 million on February 26, 2010 and simultaneously Rexel entered into three swaps paying fixed rate for a total notional amount of €350 million (see note fair value hedge derivatives).

On June 30, 2010, the total notional amounts of cash flow hedge swaps and cash flow hedge options were €915 million and €728 million, respectively. The change in fair value of the cash flow hedge instruments for the period ended June 30, 2010 was recognized as a reduction in shareholders' equity for an amount of €0.6 million (before tax).

Sensitivity to interest rate variation

As of June 30, 2010 an instantaneous rise of 1% in short-term interest rates on variable debt including hedging effective in the twelve next months after the 1% rise, would lead to an increase in interest expense estimated at €3.4 million on a yearly basis.

12.2| Hedging of fluctuations in foreign currency

Forward contracts

Exchange exposure arises principally from external financing in currency other than the euro and in financing of/by Group entities by/of the parent company in their local currency. In order to neutralize the exposure to the exchange rate risk, the positions denominated in currencies other than the euro are hedged with forward contracts with a duration generally between one and three months. The hedge contracts are renewed as necessary while exposure remains.

Put options

In addition, the presentation of the financial statements being in Euros, the Group is required to translate into Euros income and expenses denominated in other currencies in preparing its financial statements at average rates applicable to the period. Therefore, the Group entered into several foreign exchange options to partially hedge the effect of its exposure to the risk of conversion of the result of foreign operations. These instruments are qualified as trading under IAS 39. Set out below are details of new hedge activities entered into by the Group with changes in value during the first six months in 2010.

	Total notional amount *(in millions of currency)*	Maturity	Premium paid *(in millions of euros)*	Fair value *(in millions of euros)*
Put options				
Canadian Dollar……..……..……	36.0	January 2011	0.6	0.0
Australian Dollar……..………..…	46.0	January 2011	0.9	0.0
Swiss franc…………..……..……	17.0	January 2011	0.1	0.0
Yen………………………………	3,600.0	February 2011	1.8	0.4
Total			**3.4**	**0.4**

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of June 30, 2010 were respectively €61.6 million (€357.7 million forward sales and €296.1 million forward purchases) and €(1.8) million. The change in fair value of foreign exchange rate derivatives amounted to €7.3 million as of June 30, 2010 and is recognized in profit or loss as net financial income for €7.4 million (see Note 6) and as operating income for €(0.3) million and through equity in the cash flow hedge reserve for €0.2 million before tax.

Financial debt per currency of repayment

The amount of financial debt per currency of repayment is analyzed as follows:

(in millions of euros)	**Euro**	**US dollar**	**Canadian dollar**	**Australian dollar**	**Norwegian crown**	**Swedish kronor**	**Pound sterling**	**Other currency**	**Total**
Financial liabilities	1,233.4	878.2	272.0	81.2	1.3	53.2	149.4	163.8	2,832.5
Fair value hedge derivatives	(12.6)	-	-	-	-	-	-	-	(12.6)
Cash and cash equivalents..................	(85.0)	(102.0)	(6.5)	(32.3)	(10.6)	(6.4)	(18.2)	(24.2)	(285.2)
Net financial position before hedging	**1,135.8**	**776.2**	**265.5**	**48.9**	**(9.3)**	**46.8**	**131.2**	**139.6**	**2,534.7**
Impact of hedge...............	(85.3)	(68.6)	7.4	27.1	(21.8)	138.8	(108.9)	111.3	-
Net financial position after hedging	**1,050.5**	**707.6**	**272.9**	**76.0**	**(31.1)**	**185.6**	**22.3**	**250.9**	**2,534.7**
Impact of a 5% increase in exchange rate...........	-	35.4	13.6	3.8	(1.6)	9.3	1.1	12.5	74.2

13. | SEASONALITY

Notwithstanding the relatively low degree of seasonality within the Group's sales, there is seasonality in cash flows due to variations in working capital requirements with, generally, about half of annual free cash flow generated in the first half of the year, a low third quarter due to an increase in working capital requirements as a result of higher sales in September, and a strong fourth quarter.

14. RELATED PARTY TRANSACTIONS

For the period ended June 30, 2010, there has been no significant transactions entered into with related parties except for the allocation to the members of the Executive Committee of a maximum number of 450,015 free shares in connection with the issuance of free share plan in May 2010, these shares being subject to service and performance conditions (see note 10).

15. | LITIGATION

Settlement of litigation regarding bankruptcy of Ceteco

On February 8, 2010, Hagemeyer N.V., the Management Board of Ceteco NV, the auditors of Ceteco and one of its insurance companies, entered into a settlement with Ceteco's receivers, under which all legal actions and claims pursuant to Ceteco's bankruptcy are withdrawn and finally waived. On March 1, 2010, as per such settlement, Hagemeyer N.V. paid an amount of €29.8 million to Ceteco's receivers net of payments by Sonepar amounting to €23.4 million, pursuant to the October 23, 2007 agreement between Rexel and Sonepar that provides for certain provisions in relation to the allocation of the losses, if any, suffered as a result of this litigation proceeding, and by other parties. This litigation was reserved for as of December 31, 2009.

For the period ended June 30, 2010, there was no significant evolution relating to other litigation disclosed in the consolidated financial statements as of December 31, 2009.

16. | OTHER POTENTIAL LIABILITIES

In the scope of the disposal of certain of its business, the Group has granted the following guarantees to the acquirers:

Warranties given in connection with the sale of HCL Asia

In connection with the disposal of HCL Asia (see Note 5.2), the Group granted to the purchaser a warranty for liabilities, amounting to USD 2.5 million excluding taxation and pension claims (USD 7.0 million including taxation and pensions liabilities). The warranty expires in September 2011 except for taxation liabilities for which the relevant statue of limitation as applicable in the respective jurisdiction applies.

Warranties given in connection with the sale of Haagtechno B.V.

In connection with the sale and purchase agreement relating to the disposal of Haagtechno B.V.(see Note 5.2), the Group granted to the purchaser a warranty for liabilities, limited to €1.6 million excluding taxation claims. The warranty is effective for an aggregate amount of damages that exceeds €0.5 million in which case the full amount is recovered by the purchaser. The agreement also provides for a time limitation of the sellers' liability of twelve months starting from the closing of the transaction (June 30, 2010) except for tax liabilities for which the applicable statutory limitation period applies.

For the period ended June 30, 2010 guarantees disclosed in the consolidated financial statements as of December 31, 2009 have not been triggered.

17. | EVENTS AFTER THE REPORTING PERIOD

At the date of the presentation of the condensed consolidated interim financial statements, there has been no subsequent event with a significant impact on Rexel's financial situation.

18. | QUARTERLY INFORMATION

Consolidated income statement

(in millions of euros)	For the quarter ended June 30, 2010	2009
Sales	3,047.0	2,799.1
Cost of goods sold	(2,302.4)	(2,113.9)
Gross profit	**744.6**	**685.2**
Distribution and administrative expenses	(603.8)	(583.7)
Operating income before other income and expenses	**140.8**	**101.5**
Other income	7.4	0.6
Other expenses	(23.3)	(39.8)
Operating income	**124.9**	**62.3**
Financial income	12.4	12.3
Interest expense on borrowings	(49.0)	(35.5)
Other financial expenses	(16.2)	(13.8)
Financial expenses (net)	*(52.8)*	*(37.0)*
Share of profit of associates	*1.5*	-
Net income before income tax	**73.6**	**25.3**
Income tax	(10.5)	(8.1)
Net income	**63.1**	**17.2**
Attributable to:		
Equity holders of the parent	62.8	17.0
Non-controlling interests	0.3	0.2
Weighted average number of ordinary shares (*in thousands*)	262,012	259.550
Average number of shares used for the diluted earnings per share calculation (*in thousands*)	263,495	260.290
Earnings per share:		
Basic earnings per share (*in euros*)	0.24	0.07
Fully diluted earnings per share (*in euros*)	0.24	0.07

Consolidated statement of comprehensive income

(in millions of euros)	For the quarter ended June 30, 2010	2009
Net income	**63.1**	**17.2**
Foreign currency translation	89.9	35.6
Loss on cash flow hedges	1.4	8.1
Income tax	(0.4)	(3.8)
	1.0	4.3
Other comprehensive income for the period, net of tax	*90.9*	*39.9*
Total comprehensive income for the period, net of tax	**154.0**	**57.1**
Attributable to:		
Equity holders of the parent	152.7	57.4
Non-controlling interests	1.3	(0.3)

Consolidated statement of cash flows

(in millions of euros)	For the quarter ended June 30, 2010	2009
Cash flows from operating activities		
Operating income	124.9	62.3
Depreciation, amortization and impairment of assets	30.7	39.8
Employee benefits	(4.0)	(5.1)
Change in other provisions	(9.6)	(3.2)
Other non-cash operating items	3.0	5.5
Interest paid	(32.9)	(24.5)
Income tax paid	(18.9)	(28.3)
Operating cash flows before change in working capital requirements	*93.2*	*46.5*
Change in inventories	(4.6)	88.4
Change in trade receivables	(98.6)	111.0
Change in trade payables	122.9	(56.9)
Change in other working capital items	(1.4)	(3.4)
Change in working capital	*18.3*	*139.1*
Net cash from operating activities	**111.5**	**185.6**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(11.8)	(10.4)
Proceeds from disposal of property, plant and equipment	4.8	0.6
Acquisition of subsidiaries, net of cash acquired	(0.1)	(27.7)
Proceeds from disposal of subsidiaries, net of cash disposed	10.2	-
Change in long-term investments	(0.1)	0.2
Net cash from investing activities	**3.0**	**(37.3)**
Cash flows from financing activities		
Proceeds from the issue of share capital	0.2	-
Disposal of treasury shares	1.1	9.2
Net change in credit facilities and other financial borrowings	(117.8)	(13.1)
Net change in securitization	(14.2)	(162.1)
Payment of finance lease liabilities	(1.9)	(1.8)
Net cash from financing activities	**(132.6)**	**(167.8)**
Net decrease in cash and cash equivalents	(18.1)	(19.5)
Cash and cash equivalents at the beginning of the period	289.6	692.1
Effect of exchange rate changes on cash and cash equivalents	13.7	1.4
Cash and cash equivalents at the end of the period	**285.2**	**674.0**

Segment information for the quarter ended June 30, 2010 and June 30, 2009

2010

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

2009

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the quarter ended June 30							
Sales to external customers…………….	1,626.5	844.3	219.3	109.0	**2,799.1**	-	**2,799.1**
EBITA [(1)]……………………………………	70.2	23.8	12.1	3.5	**109.6**	(3.3)	**106.3**

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

The reconciliation of the total of operating income before other income and expenses with the Group consolidated income before income taxes is presented in the following table:

(in millions of euros)	2010	2009
EBITA - Total Group………………………………………	**148.1**	**106.3**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities…	(7.3)	(4.8)
Other income and other expenses………………………..	(15.9)	(39.2)
Net financial expenses……………………………………..	(52.8)	(37.0)
Share of profit of associates………………………………	1.5	-
Group consolidated income before income tax…...	**73.6**	**25.3**

III. Statutory auditors’ report

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

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

For the six-month period ended June 30, 2010

Statutory auditors' review report on the condensed consolidated interim financial statements

To the Shareholders,

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

- our review of the accompanying condensed consolidated interim financial statements of Rexel, for the period from January 1st, 2010 to June 30, 2010, and
- the verification of the information contained in the half-yearlymanagement report.

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

I. Conclusion on the financial statements

We conducted our review in accordance with the 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 the 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 these condensed consolidated interim financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verifications

We have also verified the information provided in the half-yearly management report in respect of the condensed consolidated interim financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed consolidated interim financial statements.

Paris-La Défense, July 27, 2010

The statutory auditors

French original signed by

KPMG Audit	ERNST & YOUNG Audit
A Department of KPMG S.A.	
Hervé Chopin	Pierre Bourgeois

IV. Responsibility for the half-year financial report

<u>RESPONSIBILITY STATEMENT</u>

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 27, 2010

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Jean-Charles Pauze
Chairman of the Management Board of Rexel