16th February 1998

FIRST PACIFIC'S HAGEMEYER UNIT'S 1997 PROFIT ROSE 30.5%

First Pacific Company Limited's Dutch subsidiary, Hagemeyer NV, announced today that net profit increased 30.5 per cent in 1997 to NLG372.1 million from the previous year's NLG285.2 million, reflecting strong organic growth, as well as the effect of a number of international acquisitions.

Sales increased 39.6 per cent to NLG11,465.4 million, while operating profit grew 42.1 per cent to NLG636.2 million. Per-share earnings rose 16.1 per cent to NLG3.90, despite a 12.9% increase in the average number of shares in issue. A final dividend of NLG0.91 was proposed, equivalent to a full-year dividend of NLG1.33 per share, up from the previous year's NLG1.14. The final dividend may be taken in cash or in the form of a stock dividend, with the exchange ratio to be announced in the second week of April.

Organic growth of 9.8 per cent from continuing businesses exceeded expectations, while strong growth was added from acquisitions. A full-year contribution was recorded for the first time from 100 per cent of Hong Kong-based HCL Limited, an Asian distributor of consumer products. Included for the first time are Asea Skandia, the former Scandinavian electrical-materials business of the ABB Group, which was acquired effective 1st September; and Tech Pacific, a Sydney-based distributor of computer-related products, which was acquired from First Pacific, effective 1st October. The results also reflect a number of smaller acquisitions, as well as the disposal of several non-core or underperforming activities.

Hagemeyer's strategy of diversifying across geographic regions and product groups once again proved its value.

In geographic terms, the Asian economic crisis had limited impact on results, as only a small proportion of sales were generated in the worst-hit economies. Before the difficulties began, a decision was taken to withdraw from the capital-goods business of HCL, whose other activities performed satisfactorily. European operations performed generally well against the background of mixed economic circumstances. In North America, the specialty foods business made sound progress, although it remains below Hagemeyer's standards, while the Ceteco retailing subsidiary in Latin America showed strong growth. On balance, currency developments in the different regions had a positive effect on overall results.

In terms of business area, Hagemeyer's Consumer Product activities registered good progress, with excellent contributions from French-based Pollyconcept, a producer of promotional and gift items, and U.S.-based Case Logic, which produces storage devices. Consumer Electronics activities benefited from their improved position in recovering markets, as European computer-related concerns Borsu Systema and Computerij Groep were integrated and showed healthy growth, while Tech Pacific exceeded expectations. In the Automotive & Technical Products business, the automotive activities of Dutch-based A.R.M.-Stokvis contributed satisfactorily, with its specialty tapes division recording outstanding results. The Electrical Materials group, which has become the largest of its kind in Northeast Europe, expanded significantly, helped by the strength of the Asea Skandia business, as well as good organic growth, particularly in the UK and Germany where market share improved.

Taking into account current conditions, particularly those in Asia which require the company's close attention, Hagemeyer believes that 1998's earnings per share growth will remain in line with the trend of recent years.

Last month, First Pacific announced its intention to sell its 39.7% shareholding in Hagemeyer, which is worth approximately US$1.79 billion at current market value. The companies are currently actively involved in the orderly marketing of these shares to a broad range of domestic and international investors. It is anticipated that this process will be completed by the end of March. The disposal of these shares will enable Hagemeyer to align its corporate governance with international standards through the elimination of its priority share arrangement. An arrangement will be in place with respect to the cumulative preference shares outstanding whereby the depositary receipt holders will have a more direct, pro rata voting power.

Hagemeyer N.V. 1997 Annual Results

Key Data 1997 and 1996

31st December

(in Million Dutch Guilders)	**1997**	1996	% Increase
Turnover	**11,465.4**	8,216.2	39.6%
Operating Profit	**636.2**	447.6	42.1%
Ordinary Profit before tax	**512.2**	386.5	32.5%

Ordinary Profit after tax	**372.1**	285.2	30.5%
Ordinary Cash Flow	**524.9**	410.6	27.8%
Total Assets	**6,018.7**	4,571.1	31.7%
Asset Turnover	**2.2x**	2.0x	
Shareholders' Equity*	**1,662.5**	1,218.0	36.5%
Data per ordinary shares *(in Dutch Guilders)*			
Ordinary Earnings	**3.90**	3.36	16.1%
Shareholders' Equity*	**15.50**	12.73	21.8%
Dividend**	**1.33**	1.14	16.7%
Average number of ordinary shares outstanding (000's)	**94,285.9**	83,507.7	12.9%

* including Third Party Interest

** Proposal