Grace, Kennedy & Co., Ltd.

Unaudited Results for the period ended

31 March 2004

The Directors are pleased to present the unaudited results of the Group for the quarter ended 31 March 2004.

The Group achieved Revenues for the period of $7,338.1 million (2003:$5,639.5 million), an increase of $1,698.6 million or 30.1%. The Net Profit Attributable to Stockholders increased by $78.7 million over the corresponding period of 2003, moving from $406.4 million to $485.1 million, an increase of 19.4%. This represents earnings per stock unit of $1.50 (2003:$1.26).

The Company's stock traded at $89.01 per stock unit at the end of the quarter, which is a 65% increase since the start of the year when the stock price was $53.95 per stock unit. This resulted in the Group's market capitalization increasing to $28.8 billion (US$472.8 million) on 31 March. This trend has continued after the quarter with the current trading price of $96.00 on 6 May 2004.

On 17 March 2004, the Board of Directors approved an interim dividend payment to be made on 21 May 2004 of $129 million, representing 40 cents per stock unit based on the existing share capital of 323 million shares. This is an increase of 33% in comparison to the previous year's interim dividend of $97 million.

The Food Trading Division had a satisfactory quarter. Grace Tropical Rhythms brand of beverages continues to perform extremely well with the new diet flavours and the smaller 280 ml bottles being well received. Grace, Kennedy (Ontario) Inc. acquired the assets of Elvico Sales Limited, a beverage wholesaling company in

Canada. This acquisition has more than doubled our customer base in Canada with the addition of 600 customers and will greatly enhance the distribution of Grace Brand products, particularly the beverages.

The Retail & Trading Division showed an increase in revenues when compared to the comparative period in 2003. The physical merger of Hardware & Lumber Limited and Rapid & Sheffield Company Limited was completed during the quarter with all administration and distribution activities consolidated at 697 Spanish Town Road, Kingston. Hardware & Lumber Limited has begun to realize the synergies from the merger and this is reflected in the excellent first quarter performance.

The Financial Services Division performed exceptionally well for the quarter. Phase 1 of the reorganization has been successfully completed with the merger of First Global Bank Limited and George & Branday Limited with the continuing name, First Global Bank Limited; and George & Branday Securities Limited being renamed First Global Financial Services Limited. The combined banking entities had a very good first quarter in terms of revenue and profit.

Phase 2 of the Financial Services Division reorganization is now well underway. The main activities in this phase include: the legal merger of the non-deposit taking businesses into First Global Financial Services Limited; the creation of a financial holding company to own First Global Bank Limited and First Global Financial Services Limited; and the completion of refurbishment work at 2 St. Lucia Avenue, Kingston in preparation of our move-in date of 30 June 2004. Our target date for completion of Phase 2 is 1 July 2004.

The Grace Caribbean Fixed Income Fund continues to receive encouraging investment inflows. The total amount invested in the fund as at 14 April was US$15 million with a yield of 8.43 % per annum at the last strike date of 15 April.

The Information Services Division experienced an overall good performance. This is a reflection of continued acceptance of our range of services throughout the Caribbean region. Bill Express continues to increase its brand presence in the Caribbean with the launch of its service in Dominica and Barbados, after previously establishing itself in Jamaica, Trinidad, Guyana, Grenada and St. Lucia. The online service became operational in January and was officially launched in February.

Our remittance business in Haiti suffered during the recent unrest. With normality restored, we are now experiencing strong business growth when compared to the comparative period last year. Telecommunications Alliance Limited (TAL), our joint venture with IDT Corporation is showing positive signs of profitability after only a few months in business. With these encouraging results, the basis for the rolling out of additional value-added telecom services has being established. IDT Corporation is a multinational telecom company listed on the New York Stock Exchange.

Based on a decision taken last year by our Board to divest our shareholdings in Kingston Wharves Limited, this was achieved during the first quarter of 2004. This divestment brings to an end Grace, Kennedy's involvement in port ownership and operation which had for decades underpinned its maritime activities.

Port Services Limited's port equipment and spare parts, including a large Gottwald Crane have been put out to international tender as the company is divesting all its assets. Grace, Kennedy's role in the maritime industry is under review and we will keep you informed of our strategic direction as this evolves.

The Grace, Kennedy Foundation held its annual Lecture Series at the Jamaica Pegasus Hotel on 23 March 2004, entitled, "The Citizen and the Law - Perspectives

Old and New". This year's presenter was Mr. Dennis Morrison, Q.C. of the law firm, DunnCox.

Grace, Kennedy has invested J$15 million in equity in the Kingston City Centre Improvement Company Limited. This company will facilitate the redevelopment and rehabilitation of downtown Kingston.

Mr. G. Raymond Chang, Chairman of the Board of C.I. Fund Management Inc. in Canada and Mrs. M. Audrey Hinchliffe, Chief Executive Officer of Manpower & Maintenance Services Limited, Jamaica, were both appointed to the Board of Directors of Grace, Kennedy & Company Limited on 17 March 2004.

Mr. Adrian Wallace, our Chief Risk Management Officer, retired at the end of April 2004 after twenty-two years of service with Grace, Kennedy. We express our gratitude for his dedicated contribution and loyalty over the years.

My colleague directors, management and staff are to be commended for their dedication and longevity of service which have been central to the continuing growth of Grace, Kennedy. I also wish to thank our customers; consumers, suppliers and all stakeholders for their continuous support in helping our businesses to grow in response to our customers' needs.

Douglas R. Orane
10 May 2004

GROUP PROFIT AND LOSS ACCOUNT

	3 months to 31/03/2004 $'000	3 months to 31/03/2003*** $'000
Revenues	7,338,056	5,639,478
Expenses	6,754,421	5,225,210
Trading Profit	583,635	414,268
Other operating income	49,965	49,004
Profit from Operations	633,600	463,272
Finance Income/(costs) - net	35,310	64,252
Share of results of associated companies	51,475	70,728
Profit before Taxation	720,385	598,252
Taxation	216,115	179,199
Profit after Taxation	504,270	419,053
Minority interest in results of subsidiaries	19,158	12,656
Net Profit Attributable to the Stockholders	485,112	406,397
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Earnings per stock unit of $1.00		
Basic	1.50	1.26
Diluted	1.47	1.25

***: Restated to comply with IFRS

GROUP BALANCE SHEET

	March 2004 $'000	December 2003 $'000	March*** 2003 $'000
NET ASSETS EMPLOYED			
Non-Current Assets			
Fixed assets	2,154,206	2,166,193	1,878,024
Goodwill, Trademarks	368,525	258,853	43,611
Investments in associates	333,835	1,614,553	1,611,891
Investments	3,752,207	2,861,197	1,748,237
Long term receivables	541,173	537,077	576,167
Deferred tax assets	586,539	580,700	428,278
Pension plan asset	3,983,794	3,897,041	3,543,236
	11,720,279	11,915,614	9,829,444
Current Assets			
Inventories	2,236,541	2,596,025	1,553,543
Receivables	4,968,168	4,792,884	4,188,921
Long term receivables - current	1,358,639	840,090	794,041
Taxation recoverable	385,684	394,907	288,378
Cash and short term investments	26,348,567	24,805,847	22,223,137
	35,297,599	33,429,753	29,048,020
Current Liabilities			
Payables	5,902,970	5,999,062	4,738,824
Taxation	223,361	211,524	264,498
Bank and short term loans	1,974,247	1,773,247	2,394,190
Long term liabilities - current portion	101,610	100,198	139,222
Deposits	3,560,686	3,344,997	2,387,303
Securities sold under agreement to repurchase	19,037,217	17,729,384	15,839,824
	30,800,091	29,158,412	25,763,861
Net Current Assets	4,497,508	4,271,341	3,284,159
	16,217,787	16,186,955	13,113,603

FINANCED BY			
Equity			
Share Capital	323,466	323,466	323,075
Capital and fair value reserves	2,742,661	3,448,660	3,003,156
Retained earnings	6,698,566	6,009,111	5,303,219
Reserve funds	643,207	643,207	321,936
Translation gains	1,139,039	1,143,895	908,982
	11,546,939	11,568,339	9,860,368
Minority Interest	479,351	460,032	242,800
Non-Current Liabilities			
Long Term Liabilities	1,415,664	1,429,491	662,030
Deferred Tax Liabilities	1,919,228	1,890,002	1,564,330
Employee benefit obligations	856,605	839,091	784,075
	4,191,497	4,158,584	3,010,435
	16,217,787	16,186,955	13,113,603

Approved by the Board of Directors on 10 May 2004 and signed on its behalf by:

D.R. Orane
Chairman

D.G. Wehby
Chief Financial Office

***:Restated to comply with IFRS

CONSOLITDATED STATEMENT OF CHANGES IN EQUITY

	No. of Shares '000	Share Capital '000	Capital and Fair Value Reserve '000	Retained Earnings '000	Reserve Fund '000	Other Reserves '000	Total '000
Balance at 1 January 2003	323,075	323,075	3,236,802	4,899,671	321,936	684,994	9,466,478
Net gains/(losses) not recognised in the profit and loss account, net of tax:							
Foreign currency translation adjustment	-	-	-	-	-	223,988	223,988
Fair value adjustments	-	-	(236,495)	-	-	-	(236,495)
Revaluation surplus							
Net excess of Investments	-	-	-	-	-	-	-
Total	-	-	(236,495)	-	-	223,988	(12,507)
Restated Net profit	-	-	-	406,397	-	-	406,397
Issue of bonus shares							
Issue of shares at a premium							
Par value of bonus shares received							
Transfers between reserves	-	-	2,849	(2,849)	-	-	-
Dividends	-	-	-	-	-	-	-
Withholding tax	-	-	-	-	-	-	-
Balance at 31 March 2003	323,075	323,075	3,003,156	5,303,219	321,936	908,982	9,860,368
Balance at 1 January 2004	323,466	323,466	3,448,660	6,009,111	643,207	1,143,895	11,568,339
Net gains/(losses) not recognised in the profit and loss account:							
Foreign currency translation							

adjustment	-	-	-	-	-	(4,856)	(4,856)
Fair value adjustments	-	-	199,142	-	-	-	199,142
Revaluation surplus	-	-	(700,161)	-	-	-	(700,161)
Net excess of investments	-	-	(637)	-	-	-	(637)
Total	-	-	(501,656)	-	-	(4,856)	(506,512)
Net profit	-	-	-	485,112	-	-	485,112
Issue of bonus shares	-	-	-	-	-	-	-
Issue of shares at a premium	-	-	-	-	-	-	-
Par value of bonus shares received	-	-	-	-	-	-	-
Transfers between reserves	-	-	(204,343)	204,343	-	-	-
Dividends	-	-	-	-	-	-	-
Withholding tax	-	-	-	-	-	-	-
Balance at 31 March 2004	323,466	323,466	2,742,661	6,698,566	643,207	1,139,039	11,546,933

FINANCIAL INFORMATION BY BUSINESS SEGEMENT

3 months to 31 March 2004	**Food Trading**	**Retail and Trading**	**Financial Services**	**Maritime**	**Information**	**Consolidation Adjustments**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE							
Extemal sales	2,703,601	2,452,629	1,454,550	90,564	636,712	-	7,338,056
Inter-segment sales	172,123	272	55,859	4,903	-	(233,157)	-
Total Revenue	2,875,724	2,452,901	1,510,409	95,467	636,712	(233,157)	7,338,056
RESULT							
Segment Result	34,843	68,447	299,268	22,073	89,240	50,490	564,361
Unallocated income						69,239	69,239
Profit from operations							633,600
Finance income - net	45,008	(22,664)	36,302	1,928	25,226	(50,490)	35,310
Share of associates	61,269	(26)	(2,693)	1,054	(8,129)	-	51,475
Profit before Taxation	141,120	45,757	332,877	25,055	106,337	69,239	720,385
Taxation							216,115

Profit after Taxation	504,270
Minority Interest	(19,158)
Net Profit	485,112

3 months to 31 March 2003

	Food Trading $'000	Retail and Trading $'000	Financial Services $'000	Maritime $'000	Information $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	2,488,697	1,544,043	1,036,887	78,428	491,423	-	5,639,478
Inter-segment sales	127,529	297	33,189	4,130	-	(165,145)	-
Total Revenue	2,616,226	1,544,340	1,070,076	82,558	491,423	(165,145)	5,639,478
RESULT							
Segment Result	99,178	29,200	145,844	19,512	103,282	29,506	426,522
Unallocated Income						36,750	36,750
Profit from operations							463,272
Finance income - net	46,440	(5,851)	42,528	(1,623)	12,264	(29,506)	64,252
Share of associates	67,385	(25)	-	1,880	1,488	-	70,728
Profit before Taxation	213,003	23,324	188,372	19,769	117,034	36,750	598,252
Taxation							(179,199)
Profit after Taxation							419,053
Minority Interest							(12,656)
Net Profit							406,397

Consolidated Statement of Cash Flows

	31/03/2004	31/03/2003
SOURCES/(USED) OF CASH;		
Operating Activities		
Net profit	485,112	406,397
Adjusments for items not affecting cash, changes in non-cash working capital components and other, net	199,967	(1,369,221)
Cash provided by/(used in) operating activities	685,079	962,824
Cash (used in)/provided by financing activities -	(312,802)	728,970
Cash provided by investing activities	272,079	241,703
Increase in cash and cash equivalents	644,356	7,849
Cash and cash equivalents at, beginning of year	2,160,145	1,667,918
Exchange and translation gains on net foreign cash balances	6,941	110,738
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,811,442	1,786,505
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Notes

1. Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, as modified by the revaluation of certain fixed and financial assets.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2003.

These financial statements are presented in Jamaican dollars.

(b) Fixed Assets

All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. All other fixed assets are carried at cost less accumulated depreciation.

(c) Investments

The Group classified its investments in debt and equity securities into the following categories: originated debts and available-for-sale. The classification is dependent on the purpose for which the investments were acquired Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Originated debts are subsequently re-measured at amortised cost.

Available-for-sale investments are subsequently re-measured at fair value. Unrealised gains and losses arising from changes in the fair value of these investments are recorded in the Capital and fair value reserve.

(d) Employee benefit costs

(i) Pension plan asset

The Group operates a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

(ii) Other employee benefit obligations

Some Group companies provide post-retirement healthcare benefits, group life, gratuity and supplementary plans to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(e) Deferred taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(h) Segment reporting

The Group is organized into five business segments which provide products and services that are subject to risks and returns dissimilar to each other:

- Food Trading - Merchandising of general goods and food products, both locally and internationally; processing and distribution of dairy and meat products;

- Retail and Trading - Merchandising of agricultural and pharmaceutical supplies, stationery, hardware and lumber; institutional and airline catering; operation of a chain of supermarkets;

- Financial Services - General insurance and insurance brokerage; commercial and merchant banking; lease and trade financing; stockbrokerage; pension management; property rental; mutual fund management;

- Maritime - Shipping agencies and other maritime services;

- Information - Operation of money transfer services; information technology and international telecommunications services.

(i) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of International Financial Reporting Standards.

2. Divestment

Priior to the divestment of its associated company Kingston Wharves Limited, Grace, Kennedy reassessed the estimated recoverable amount of Kingston Wharves' assets and adjusted their carrying amount for consolidation purposes through capital reserve. Subsequently, the company disposed of its approximately 44% shareholding in Kingston Wharves Limited to National Commercial Bank Jamaica Limited. The net proceeds of the sale were $611.3 million.

Don Wehby
Chief Financial Officer
May 10, 2004
