

GraceKennedy Limited

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors are pleased to present the unaudited results of the Group for the quarter ended September 30, 2007.

The Group achieved Revenues for the period of \$35.37 billion (2006: \$26.44 billion), an increase of \$8.93 billion or 33.8%. The Net Profit Attributable to Shareholders of the Company increased by \$365 million over the corresponding period of 2006, moving from \$1.308 billion to \$1.673 billion, an increase of 27.9%. This represents earnings per stock unit of \$5.14 (2006: \$4.02).

For the year-to-date, all companies within GK Foods showed profitable results. This is attributable in part to the continued growth of our Grace owned branded products which have shown a 15% increase. Our promotional campaign, "pass on the love", has been very successful in Jamaica.

The sales by WT Foods of Nurishment, a milk based drink in the UK, have shown good improvement and we expect this to continue. As we expand the distribution of our newly acquired UK based branded products, our first shipment of Encona Hot Pepper Sauces will arrive in Canada shortly.

During the quarter, we launched the new range of Grace frozen meals in Canada and the United States with the brand name "Grace Caribbean Traditions". The range of products includes Curried Mutton, Curried Chicken, Jerk Chicken and Jerk Shrimp. The response to date has been very encouraging.

Overall, we are very optimistic about our food business as we see great potential in the markets in which we operate. This, however, will only be possible through the continued development of our human resources through training and recruitment which is ongoing.

GK Investments continues to generate satisfactory results, with both revenues and profits substantially exceeding last year's performance.

During the quarter, First Global Bank Limited was approved by VISA as a principal member. This will now allow the bank to be more flexible and innovative in expanding its credit card business. First Global Financial Services Limited (FGFS) successfully rolled out two new products – FGFS Investor Line, which allows customers to borrow funds against their portfolios at attractive rates and FGFS Managed Assets Portfolio (MAP), which allows FGFS to offer portfolio management services to their clients. Both products have been receiving positive customer feedback.

Jamaica International Insurance Company Limited (JIIC) continues to be the insurer of choice. As a continuation of their commitment of getting closer to the consumer, operations commenced from a fifth location in Portmore, St. Catherine, during the

quarter. In pursuance of their community outreach programme, JIIC in collaboration with Devon House Trust, provided a play area for children on the grounds of Devon House.

Allied Insurance Brokers Limited rolled out its new wellness program – “Incheck” during the quarter, as part of its strategy of providing its customers with innovative products and services that meet their needs. “Incheck” provides employers with information to improve the overall health of their workforce.

GraceKennedy Remittance Services Limited continues to perform well in the third quarter, with a number of new initiatives geared at providing a better customer experience for all its current and prospective customers, which have contributed to increased transaction volumes.

Hardware & Lumber Limited continues to streamline its processes to improve operational efficiencies throughout the organisation. There are positive signs that these strategies are beginning to work as revenues and profits were above previous year.

Under a share purchase agreement effective July 19, 2007, GraceKennedy Limited, through its subsidiary, First Global Holdings Limited ("FGH"), has acquired a 90 percent holding in ONE1 Financial Limited, a financial services company in Trinidad and Tobago. The newly acquired company joins the First Global group, which currently includes First Global Bank Limited and First Global Financial Services Limited.

On November 1, 2007, GraceKennedy Limited completed the sale of 25% of the shareholding in GraceKennedy Money Services Caribbean SRL (GKMS Caribbean) to The Western Union Company (Western Union) for a consideration of US\$29 million. GKMS Caribbean is the parent company of GraceKennedy's remittance, cambio and bill payment businesses within the Caribbean. In addition to the purchase of an equity interest in GKMS, Western Union also renewed its agreement with GraceKennedy and its subsidiaries to offer Western Union services for another ten years. This investment solidifies the relationship between Western Union and ourselves and provides a platform for further long-term growth in the money services business.

Thanks to my colleague directors, management and staff who continue to be dedicated to the efforts of the GraceKennedy Group in achieving its objectives. We also wish to thank our customers, consumers, suppliers and all stakeholders for their continuing support as we grow our businesses in response to our customers' needs.

Douglas R. Orane
Chairman & Chief Executive Officer

November 9, 2007

GraceKennedy Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT QUARTER ENDED 30 SEPTEMBER 2007 (Unaudited)

	3 months to 30/09/2007 \$'000	9 months to 30/09/2007 \$'000	3 months to 30/09/2006 \$'000	9 months to 30/09/2006 \$'000
Revenue	12,434,559	35,374,466	9,249,592	26,443,112
Expenses	11,672,944	33,304,965	8,864,590	25,154,561
	761,615	2,069,501	385,002	1,288,551
Other income	162,773	533,093	189,923	572,621
Profit from Operations	924,388	2,602,594	574,925	1,861,172
Interest income – non-financial services	82,444	271,028	117,696	320,390
Interest expense – non-financial services	(179,260)	(514,255)	(119,235)	(335,032)
Share of results of associated companies	16,781	86,572	(5,711)	19,408
Profit before Taxation	844,353	2,445,939	567,675	1,865,938
Taxation	(253,306)	(733,782)	(142,313)	(531,792)
Profit for the period	591,047	1,712,157	425,362	1,334,146
Attributable to:				
Equity holders of the Company	566,538	1,673,408	409,629	1,308,252
Minority interest	24,509	38,749	15,733	25,894
	591,047	1,712,157	425,362	1,334,146

Earnings per share for profit attributable to the equity holders of the Company (expressed in \$ per share)

Basic	\$1.74	\$5.14	\$1.26	\$4.02
Diluted	\$1.72	\$5.09	\$1.24	\$3.97

GraceKennedy Limited

CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 2007

(Unaudited)

	SEPTEMBER 2007 \$'000	DECEMBER 2006 \$'000	SEPTEMBER 2006 \$'000
ASSETS			
Cash and deposits	8,421,809	10,071,877	5,100,312
Investment securities	37,823,985	32,973,151	36,348,060
Receivables	8,746,186	5,807,709	7,060,315
Inventories	4,520,036	3,545,919	3,212,794
Loans receivable	6,160,705	4,645,883	4,376,006
Taxation recoverable	700,162	584,161	645,507
Investments in associates	811,954	657,699	619,368
Intangible assets	3,121,462	984,824	1,017,531
Fixed assets	2,854,334	2,347,625	2,212,784
Deferred tax assets	894,321	823,127	625,694
Pension plan asset	6,383,227	5,810,890	5,604,313
Total Assets	80,438,181	68,252,865	66,822,684
LIABILITIES			
Deposits	11,726,376	9,789,234	9,399,973
Securities sold under agreement to repurchase	23,665,958	22,777,553	21,720,806
Bank and other loans	10,341,982	5,750,308	6,272,185
Payables	10,544,834	7,745,203	7,985,835
Taxation	530,095	389,219	359,502
Provisions	11,310	9,285	9,285
Deferred tax liabilities	2,776,398	2,684,129	2,564,981
Other post-retirement obligations	1,370,979	1,175,577	1,191,057
Total Liabilities	60,967,932	50,320,508	49,503,624
EQUITY			
Capital & reserves attributable to the equity holders of the Company			
Share capital	418,562	405,686	325,364
Capital and fair value reserves	3,601,495	3,835,045	3,699,713
Retained earnings	12,039,923	10,513,278	10,205,269
Reserve funds	776,884	776,884	736,651
Other reserves	1,805,574	1,628,082	1,579,030
	18,642,438	17,158,975	16,546,027
Minority Interest	827,811	773,382	773,033
Total Equity	19,470,249	17,932,357	17,319,060
Total Equity and Liabilities	80,438,181	68,252,865	66,822,684

Approved for issue by the Board of Directors on 9 November 2007 and signed on its behalf by:

Douglas Orane

Chairman

Fay McIntosh

Chief Financial Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTER ENDED 30 SEPTEMBER 2007

(Unaudited)

	Attributable to equity holders of the Company							Minority Interest	Total Equity
	No. of Shares	Share Capital	Capital and Fair Value Reserve	Retained Earnings	Reserve Fund	Other Reserves	Total		
	'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2006	325,744	325,744	3,150,866	9,536,534	736,651	1,490,795	15,240,590	744,234	15,984,824
Foreign currency translation adjustments	-	-	-	-	-	57,325	57,325	820	58,145
Fair value adjustments	-	-	80,781	-	-	-	80,781	-	80,781
Other	-	-	2,302	-	-	-	2,302	2,085	4,387
Net income recognised directly in equity	-	-	83,083	-	-	57,325	140,408	2,905	143,313
Profit for the period	-	-	-	1,308,252	-	-	1,308,252	25,894	1,334,146
Total recognised income for the period	-	-	83,083	1,308,252	-	57,325	1,448,660	28,799	1,477,459
Issue of shares at a premium	413	413	19,247	-	-	-	19,660	-	19,660
Purchase of treasury shares	(793)	(793)	(45,518)	-	-	-	(46,311)	-	(46,311)
Transfers between reserves	-	-	492,035	(492,035)	-	-	-	-	-
Employee share option scheme	-	-	-	-	-	30,910	30,910	-	30,910
Dividends paid	-	-	-	(147,482)	-	-	(147,482)	-	(147,482)
Balance at 30 September 2006	325,364	325,364	3,699,713	10,205,269	736,651	1,579,030	16,546,027	773,033	17,319,060
Balance at 1 January 2007	325,248	405,686	3,835,045	10,513,278	776,884	1,628,082	17,158,975	773,382	17,932,357
Foreign currency translation adjustments	-	-	-	-	-	169,159	169,159	1,487	170,646
Fair value adjustments	-	-	(234,688)	-	-	-	(234,688)	-	(234,688)
Other	-	-	1,273	-	-	-	1,273	-	1,273
Net income recognised directly in equity	-	-	(233,415)	-	-	169,159	(64,256)	1,487	(62,769)
Profit for the period	-	-	-	1,673,408	-	-	1,673,408	38,749	1,712,157
Total recognised income for the period	-	-	(233,415)	1,673,408	-	169,159	1,609,152	40,236	1,649,388
Issue of shares	1,433	47,285	-	-	-	-	47,285	-	47,285
Purchase of treasury shares	(663)	(34,409)	(135)	-	-	-	(34,544)	-	(34,544)
Increase in minority interest	-	-	-	-	-	-	-	14,193	14,193
Employee share option scheme	-	-	-	-	-	8,333	8,333	-	8,333
Dividends paid	-	-	-	(146,763)	-	-	(146,763)	-	(146,763)
Balance at 30 September 2007	326,018	418,562	3,601,495	12,039,923	776,884	1,805,574	18,642,438	827,811	19,470,249

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED 30 SEPTEMBER 2007

(Unaudited)

	30/09/2007 \$'000	Restated 30/09/2006 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	1,712,157	1,334,146
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	1,603,501	2,566,464
Cash provided by operating activities	3,315,658	3,900,610
Cash provided by/(used in) financing activities	1,791,064	(39,161)
Cash used in investing activities	(7,270,193)	(4,157,427)
Decrease in cash and cash equivalents	(2,163,471)	(295,978)
Cash and cash equivalents at beginning of year	8,646,625	4,130,704
Exchange and translation gains on net foreign cash balances	131,542	51,338
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,614,696	3,886,064

GraceKennedy Limited

FINANCIAL INFORMATION BY BUSINESS SEGMENT

QUARTER ENDED 30 SEPTEMBER 2007

(Unaudited)

9 months to 30 September 2007	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	20,178,778	5,615,175	3,937,771	3,140,353	2,502,389	-	35,374,466
Inter-segment sales	34,076	9,945	50,343	233,777	-	(328,141)	-
Total Revenue	20,212,854	5,625,120	3,988,114	3,374,130	2,502,389	(328,141)	35,374,466
RESULT							
Segment Result	648,990	243,852	725,716	274,037	757,745	83,668	2,734,008
Unallocated expense						(131,414)	(131,414)
Profit from operations							2,602,594
Finance income	32,099	16,495	59,179	60,276	31,781	71,198	271,028
Finance expense	(189,644)	(64,804)	(20,756)	(230)	(4,581)	(234,240)	(514,255)
Share of associates	59,601	15,073	19,092	7,570	(14,764)	-	86,572
Profit before Taxation	551,046	210,616	783,231	341,653	770,181	(210,788)	2,445,939
Taxation							(733,782)
Profit for the period							1,712,157
Attributable to:							
Equity holders of the Company							1,673,408
Minority Interest							38,749
							1,712,157

9 months to 30 September 2006	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	13,277,773	5,151,929	3,504,328	2,322,153	2,186,929		26,443,112
Inter-segment sales	141,065	17,494	42,740	247,967	-	(449,266)	-
Total Revenue	13,418,838	5,169,423	3,547,068	2,570,120	2,186,929	(449,266)	26,443,112
RESULT							
Segment Result	375,068	157,893	644,666	293,277	277,002	74,437	1,822,343
Unallocated income						38,829	38,829
Profit from operations							1,861,172
Finance income	52,807	17,930	51,565	63,576	24,434	110,078	320,390
Finance expense	(70,613)	(75,561)	(644)	(367)	(6,563)	(181,284)	(335,032)
Share of associates	29,219	12,288	10,972	(38,281)	5,210	-	19,408
Profit before Taxation	386,481	112,550	706,559	318,205	300,083	42,060	1,865,938
Taxation							(531,792)
Profit for the period							1,334,146
Attributable to:							
Equity holders of the Company							1,308,252
Minority Interest							25,894
							1,334,146

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2007

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 2006.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

(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) Intangible Assets

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Other intangible assets, which include computer software licences, distribution channel agreements and policy contracts are recorded at cost and amortised over their estimated useful lives.

(d) Investment securities

The Group classifies its investments in debt and equity securities into the available-for-sale category. 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.

(e) Employee benefits*(i) Pension plan assets*

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 post-retirement obligations

Some Group companies provide post-retirement health care 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.

(iii) Equity compensation benefits

The Group operates an equity-settled, share-based compensation plan. Share options are granted to management and key employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of non-market vesting conditions. Options are granted at the market price of the shares on the date of the grant and are exercisable at that price. Options are exercisable beginning one year from the date of grant and have a contractual option term of six years. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

(f) 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.

(g) 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.

(h) 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 bank and other loans in liabilities on the balance sheet.

(i) Segment reporting

The principal activities of the company, its subsidiaries and its associated companies (the Group) are as follows:

- *Food Trading* – Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; operation of a chain of supermarkets.
- *Retail and Trading* – Merchandising of agricultural supplies, hardware and lumber; institutional and airline catering; automotive dealership.
- *Banking and Investment* – Commercial banking; investment management; lease and trade financing; stock brokerage; pension management; property rental; mutual fund management.
- *Insurance* – General insurance and insurance brokerage.
- *Money Services* – Operation of money transfer services; cambio operations and bill payment services.

(j) 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 new IFRS, as well as, amendments to and interpretations of existing IFRS.

2. Business Combinations**Acquisitions**

Effective 28 February 2007, the Group acquired 100% of the share capital of a United Kingdom company, WT (Holdings) Limited ("WT Foods"), a leading ethnic and specialty foods supplier. The financial performance of WT Foods has been included in the Group's income statement for the period subsequent to acquisition. The Group's balance sheet reflects the inclusion of WT Foods' net assets acquired. Included in the purchase are intangible assets, the value of which is subject to change based on a final assessment of the business combination.

Effective 24 April 2007, the Group acquired 30% of the share capital of Trident Insurance Company Limited, a general insurance company in Barbados offering property, motor and accident insurance.

Effective 19 July 2007, the Group acquired 90% of the share capital of ONE1 Financial Limited, a financial services company in Trinidad and Tobago. The company specializes in structured finance, securities trading, capital raising and financial advisory services.

3. Events after the Balance Sheet Date

Effective 1 November 2007, the Group sold 25% equity interest in GraceKennedy Money Services Caribbean SRL ("GKMS Caribbean") to The Western Union Company, a worldwide leader in money transfer services. GKMS Caribbean is the parent company for the GraceKennedy group's remittance, cambio and bill payments companies within the Caribbean region. The proceeds of the sale were US\$29 million.