INTERIM REPORT

(THREE MONTHS)
31 MARCH 2008

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors are pleased to present the unaudited results of the Group for the quarter ended March 31, 2008.

The Group achieved Revenues for the period of $13,779.4 million (2007: $10,568.9 million), an increase of $3,210.5 million or 30.4%. The Net Profit Attributable to Equity holders of the Company increased by $42.1 million over the corresponding period of 2007, moving from $594.6 million to $636.7 million, an increase of 7.1%. This represents earnings per stock unit of $1.95 (2007: $1.83).

On March 20, 2008, the Board of Directors approved an interim dividend payment to be made on May 27, 2008 of $163 million, which represents 50 cents per stock unit based on the existing 330 million issued shares.

For the first quarter, GK Foods revenues performed well against targeted performance with Grace owned brand sales growing 10% over the prior year period. During the period, GK Foods launched our range of Grace Cranberry Juices in the Caribbean markets outside of Jamaica, and three new variants of flavoured Corned Beef in the Jamaican market. Our major consumer promotion, Dash for Cash, was launched in March and this is expected to provide a major boost to our Grace brand sales in the next two quarters.

GK Investments recorded mixed results for the first quarter of 2008. The Money Services segment, which performed exceptionally well in 2007 has continued this trend with revenue and profits being above the comparative prior year period. The Money Services companies, through the Western Union brand, continue to experience an increase in money transfer transactions in most countries despite the recessionary pressures in the United States.

First Global Bank Ltd. is currently in the process of acquiring a new banking information system geared at improving its operational efficiency. This will allow customers to initiate transactions themselves and automate some back office functions, while providing savings in administrative costs. First Global Bank also opened a fifth branch during the period, in Liguanea. It is currently the only commercial bank in Liguanea that is open for business on Saturdays. This is in keeping with the bank's strategy to cater to customers' unmet needs.

Jamaica International Insurance Co. Ltd. continues to perform well and has expanded its operations during the period to Dominica through an appointed agent. The performance of Allied Insurance Brokers Ltd. has improved over the prior year period, with revenue and profits up. This is as a result of the management's efforts to retain and aggressively pursue new business opportunities.

During the period, Hardware & Lumber Ltd. successfully implemented a new information system as part of a strategy geared at improving the overall operational efficiencies within its nineteen retail outlets and central warehouse.

We have continued the sponsorship of the annual Boys' and Girls' Athletic Championships, popularly known as "Champs" this year. GraceKennedy's participation in this event has proven to be a big success, with our branding impact increasing over the previous year.

Thanks to my colleague directors, management and staff who continue to be dedicated to the efforts of the GraceKennedy Group in achieving our 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

May 13, 2008

GraceKennedy Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT
QUARTER ENDED 31 MARCH 2008
(Unaudited)

	3 months to 31/03/2008 $'000	3 months to 31/03/2007 $'000
Revenue	13,779,428	10,568,852
Expenses	12,939,132	9,863,260
	840,296	705,592
Other income	177,895	134,553
Profit from Operations	1,018,191	840,145
Interest income – non-financial services	94,721	103,317
Interest expense – non-financial services	(145,729)	(157,056)
Share of results of associated companies	55,881	57,386
Profit before Taxation	1,023,064	843,792
Taxation	(327,380)	(253,138)
Profit for the period	695,684	590,654
Attributable to:		
Equity holders of the Company	636,722	594,589
Minority interest	58,962	(3,935)
	695,684	590,654

Earnings per share for profit attributable to the equity holders of the Company (expressed in $ per share)		
Basic	$1.95	$1.83
Diluted	$1.94	$1.81

GraceKennedy Limited

CONSOLIDATED BALANCE SHEET
31 MARCH 2008
(Unaudited)

	MARCH 2008 $'000	DECEMBER 2007 $'000	MARCH 2007 $'000
ASSETS			
Cash and deposits	6,840,250	8,109,924	7,597,689
Investment securities	41,414,855	39,448,435	36,031,623
Receivables	8,445,962	7,919,134	8,269,478
Inventories	4,979,301	5,017,771	4,314,542
Loans receivable	5,942,462	5,747,738	5,158,847
Taxation recoverable	650,589	703,959	549,520
Investments in associates	807,964	763,442	715,085
Intangible assets	2,476,917	2,512,117	3,014,936
Fixed assets	3,181,405	2,993,412	2,811,688
Deferred tax assets	261,308	241,177	54,648
Pension plan asset	6,721,665	6,548,653	6,001,669
Total Assets	81,722,678	80,005,762	74,519,725
LIABILITIES			
Deposits	13,669,151	11,846,600	10,466,410
Securities sold under agreement to repurchase	23,411,896	22,607,385	21,867,768
Bank and other loans	7,740,323	10,026,439	9,873,048
Payables	10,768,778	9,737,925	10,172,663
Taxation	270,134	690,872	295,553
Provisions	7,720	6,810	9,106
Deferred tax liabilities	2,124,614	2,100,629	1,982,229
Other post-retirement obligations	1,432,355	1,376,132	1,240,711
Total Liabilities	59,424,971	58,392,792	55,907,488
EQUITY			
Capital & reserves attributable to the equity holders of the Company			
Share capital	455,417	419,739	417,543
Capital and fair value reserves	3,432,808	3,564,283	3,890,118
Retained earnings	14,201,623	13,564,901	11,107,867
Reserve funds	776,884	776,884	776,884
Other reserves	1,796,644	1,712,710	1,650,059
	20,663,376	20,038,517	17,842,471
Minority Interest	1,634,331	1,574,453	769,766
Total Equity	22,297,707	21,612,970	18,612,237
Total Equity and Liabilities	81,722,678	80,005,762	74,519,725

Approved for issue by the Board of Directors on 13 May 2008 and signed on its behalf by:

Douglas Orane Chairman

Fay McIntosh Chief Financial Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTER ENDED 31 MARCH 2008
(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	$'000	$'000
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	-	-	-	-	-	19,199	19,199	319	19,518
Fair value gains	-	-	55,107	-	-	-	55,107	-	55,107
Other	-	-	11	-	-	-	11	-	11
Net income recognised directly in equity	-	-	55,118	-	-	19,199	74,317	319	74,636
Profit for the period	-	-	-	594,589	-	-	594,589	(3,935)	590,654
Total recognised income for the period	-	-	55,118	594,589	-	19,199	668,906	(3,616)	665,290
Issue of shares	1,121	34,226	-	-	-	-	34,226	-	34,226
Purchase of treasury shares	(458)	(22,369)	(45)	-	-	-	(22,414)	-	(22,414)
Employee share option scheme	-	-	-	-	-	2,778	2,778	-	2,778
Balance at 31 March 2007	325,911	417,543	3,890,118	11,107,867	776,884	1,650,059	17,842,471	769,766	18,612,237
Balance at 1 January 2008	326,135	419,739	3,564,283	13,564,901	776,884	1,712,710	20,038,517	1,574,453	21,612,970
Foreign currency translation adjustments	-	-	-	-	-	83,681	83,681	916	84,597
Fair value losses	-	-	(272,715)	-	-	-	(272,715)	-	(272,715)
Revaluation surplus	-	-	141,300	-	-	-	141,300	-	141,300
Net expense recognised directly in equity	-	-	(131,415)	-	-	83,681	(47,734)	916	(46,818)
Profit for the period	-	-	-	636,722	-	-	636,722	58,962	695,684
Total recognised income for the period	-	-	(131,415)	636,722	-	83,681	588,988	59,878	648,866
Issue of shares	1,413	42,215	-	-	-	-	42,215	-	42,215
Purchase of treasury shares	(86)	(6,537)	(60)	-	-	-	(6,597)	-	(6,597)
Employee share option scheme	-	-	-	-	-	253	253	-	253
Balance at 31 March 2008	327,462	455,417	3,432,808	14,201,623	776,884	1,796,644	20,663,376	1,634,331	22,297,707

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
QUARTER ENDED 31 MARCH 2008
(Unaudited)

	31/03/2008 $'000	31/03/2007 $'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	695,684	590,654
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	2,672,775	(1,668,290)
Cash provided by/(used in) operating activities	3,368,459	(1,077,636)
Cash (used in)/provided by financing activities	(1,606,285)	4,092,900
Cash used in investing activities	(2,043,734)	(5,376,714)
Decrease in cash and cash equivalents	(281,560)	(2,361,450)
Cash and cash equivalents at beginning of year	6,251,787	8,646,625
Exchange and translation gains on net foreign cash balances	24,008	19,995
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,994,235	6,305,170

GraceKennedy Limited

FINANCIAL INFORMATION BY BUSINESS SEGMENT
QUARTER ENDED 31 MARCH 2008
(Unaudited)

3 months to 31 March 2008	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	8,278,631	2,074,492	1,400,090	1,158,919	867,296	-	13,779,428
Inter-segment sales	14,102	4,308	24,335	11,671	-	(54,416)	-
Total Revenue	8,292,733	2,078,800	1,424,425	1,170,590	867,296	(54,416)	13,779,428
RESULT							
Segment Result	246,952	72,738	236,158	95,729	220,693	17,748	890,018
Unallocated income	-	-	-	-	-	128,173	128,173
Profit from operations	-	-	-	-	-	-	1,018,191
Finance income	5,335	6,788	17,596	12,035	22,360	30,607	94,721
Finance expense	(63,149)	(23,052)	(14,517)	154	(1,297)	(43,868)	(145,729)
Share of associates	45,190	2,341	6,204	2,493	(347)	-	55,881
Profit before Taxation	234,328	58,815	245,441	110,411	241,409	132,660	1,023,064
Taxation							(327,380)
Profit for the period							695,684
Attributable to:							
Equity holders of the Company							636,722
Minority Interest							58,962
							695,684

3 months to 31 March 2007	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	5,922,742	1,855,625	1,260,197	760,752	769,536		10,568,852
Inter-segment sales	8,944	550	9,803	9,326	-	(28,623)	-
Total Revenue	5,931,686	1,856,175	1,270,000	770,078	769,536	(28,623)	10,568,852
RESULT							
Segment Result	239,674	83,449	250,699	77,939	188,240	44,269	884,270
Unallocated expense						(44,125)	(44,125)
Profit from operations							840,145
Finance income	26,322	5,809	15,336	20,409	10,131	25,310	103,317
Finance expense	(42,195)	(22,396)	(1,133)	(271)	(5,598)	(85,463)	(157,056)
Share of associates	49,762	7,973	5,011	112	(5,472)	-	57,386
Profit before Taxation	273,563	74,835	269,913	98,189	187,301	(60,009)	843,792
Taxation							(253,138)
Profit for the period							590,654
Attributable to:							
Equity holders of the Company							594,589
Minority Interest							(3,935)
							590,654

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED 31 MARCH 2008

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 2007.

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, brands, 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.