



INTERIM REPORT

**(TWELVE MONTHS)
31 DECEMBER 2007**

GraceKennedy Limited

INTERIM REPORT TO STOCKHOLDERS

The Directors are pleased to present the unaudited results of the Group for the fourth quarter and the year ended December 31, 2007.

The Group achieved Revenues for the period of \$48.75 billion (2006: \$36.09 billion), an increase of \$12.66 billion or 35.1%. The Net Profit Attributable to Shareholders of the Company increased by \$1.591 billion over the corresponding period of 2006, moving from \$1.845 billion to \$3.436 billion, an increase of 86.2%. This represents earnings per stock unit of \$10.55 (2006: \$5.67).

GK Foods and GK Investments each had a successful fourth quarter continuing the trend of the previous three quarters. Overall, the year was a good one with both revenues and profits far exceeding the prior year.

During the quarter, GraceKennedy Limited completed the sale of 25% of the shareholding in GraceKennedy Money Services Caribbean SRL (GKMS Caribbean) to the Western Union affiliate MT Caribbean Holdings (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. This investment solidifies the relationship between Western Union and ourselves and provides a platform for further long-term growth in the money services business.

GraceKennedy Limited made a second dividend payment on December 10, 2007 of 70 cents per stock unit, or a total of \$228 million to shareholders on record as at November 19, 2007. The total dividend payment for 2007 was therefore \$375 million compared to \$341 million for 2006, an increase of 10%.

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

February 14, 2008

GraceKennedy Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT QUARTER ENDED 31 DECEMBER 2007 (Unaudited)

	3 months to 31/12/2007 \$'000	12 months to 31/12/2007 \$'000	3 months to 31/12/2006 \$'000	12 months to 31/12/2006 \$'000
Revenue	13,374,968	48,749,434	9,645,135	36,088,247
Expenses	12,418,506	45,723,471	9,194,592	34,349,153
	956,462	3,025,963	450,543	1,739,094
Other income	1,578,911	2,112,004	236,199	808,820
Profit from Operations	2,535,373	5,137,967	686,742	2,547,914
Interest income – non-financial services	92,795	363,823	81,324	401,714
Interest expense – non-financial services	(230,448)	(744,703)	(122,839)	(457,871)
Share of results of associated companies	(41,485)	45,087	13,387	32,795
Profit before Taxation	2,356,235	4,802,174	658,614	2,524,552
Taxation	(533,176)	(1,266,958)	(121,949)	(653,741)
Profit for the period	1,823,059	3,535,216	536,665	1,870,811
Attributable to:				
Equity holders of the Company	1,762,124	3,435,532	536,752	1,845,004
Minority interest	60,935	99,684	(87)	25,807
	1,823,059	3,535,216	536,665	1,870,811

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

Basic	\$5.41	\$10.55	\$1.65	\$5.67
Diluted	\$5.36	\$10.45	\$1.63	\$5.61

GraceKennedy Limited

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2007

(Unaudited)

	2007 \$'000	2006 \$'000
ASSETS		
Cash and deposits	8,109,925	10,071,877
Investment securities	39,448,434	32,973,151
Receivables	7,919,134	5,807,709
Inventories	5,017,771	3,545,919
Loans receivable	5,747,738	4,645,883
Taxation recoverable	703,959	584,161
Investments in associates	763,442	657,699
Intangible assets	2,512,117	984,824
Fixed assets	2,993,412	2,347,625
Deferred tax assets	898,778	823,127
Pension plan asset	6,548,653	5,810,890
Total Assets	80,663,363	68,252,865
LIABILITIES		
Deposits	11,846,600	9,789,234
Securities sold under agreement to repurchase	22,607,385	22,777,553
Bank and other loans	10,026,439	5,750,308
Payables	9,737,929	7,745,203
Taxation	690,872	389,219
Provisions	6,810	9,285
Deferred tax liabilities	2,758,230	2,684,129
Other post-retirement obligations	1,376,132	1,175,577
Total Liabilities	59,050,397	50,320,508
EQUITY		
Capital & reserves attributable to the equity holders of the Company		
Share capital	419,739	405,686
Capital and fair value reserves	3,564,283	3,835,045
Retained earnings	13,564,900	10,513,278
Reserve funds	776,884	776,884
Other reserves	1,712,707	1,628,082
	20,038,513	17,158,975
Minority Interest	1,574,453	773,382
Total Equity	21,612,966	17,932,357
Total Equity and Liabilities	80,663,363	68,252,865

Approved for issue by the Board of Directors on 14 February 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 DECEMBER 2007

(Unaudited)

	Attributable to equity holders of the Company							Minority Interest	Total Equity
	No. of Shares	Share Capital	Capital and	Retained Earnings	Reserve Fund	Other Reserves	Total		
			Fair Value Reserve						
'000	\$'000	\$'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	-	-	-	-	-	101,443	101,443	3,341	104,784
Fair value adjustments	-	-	124,017	-	-	-	124,017	-	124,017
Revaluation surplus	-	-	184,220	-	-	-	184,220	-	184,220
Other	-	-	2,187	-	-	-	2,187	-	2,187
Net income recognised directly in equity	-	-	310,424	-	-	101,443	411,867	3,341	415,208
Profit for the period	-	-	-	1,845,004	-	-	1,845,004	25,807	1,870,811
Total recognised income for the period	-	-	310,424	1,845,004	-	101,443	2,256,871	29,148	2,286,019
Issue of shares at a premium	413	19,661	-	-	-	-	19,661	-	19,661
Purchase of treasury shares	(909)	(53,015)	(298)	-	-	-	(53,313)	-	(53,313)
Transfers between reserves	-	113,296	374,053	(527,582)	40,233	-	-	-	-
Employee share option scheme	-	-	-	-	-	35,844	35,844	-	35,844
Dividends paid	-	-	-	(340,678)	-	-	(340,678)	-	(340,678)
Balance at 31 December 2006	325,248	405,686	3,835,045	10,513,278	776,884	1,628,082	17,158,975	773,382	17,932,357
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	-	-	-	-	-	73,514	73,514	25,249	98,763
Fair value adjustments	-	-	(276,413)	-	-	-	(276,413)	-	(276,413)
Other	-	-	(138)	-	-	-	(138)	-	(138)
Net income recognised directly in equity	-	-	(279,317)	-	-	73,514	(205,803)	25,249	(180,554)
Profit for the period	-	-	-	3,435,532	-	-	3,435,532	99,684	3,535,216
Total recognised income for the period	-	-	(279,317)	3,435,532	-	73,514	3,229,729	124,933	3,354,662
Issue of shares	1,473	48,964	-	-	-	-	48,964	-	48,964
Purchase of treasury shares	(586)	(34,911)	(180)	-	-	-	(35,091)	-	(35,091)
Increase in minority interest	-	-	-	-	-	-	-	686,940	686,940
Employee share option scheme	-	-	-	-	-	11,111	11,111	-	11,111
Dividends paid	-	-	-	(375,175)	-	-	(375,175)	-	(375,175)
Balance at 31 December 2007	326,135	419,739	3,564,283	13,564,900	776,884	1,712,707	20,038,513	1,574,453	21,612,966

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED 31 DECEMBER 2007

(Unaudited)

	31/12/2007 \$'000	31/12/2006 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	3,535,216	1,870,811
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(713,798)	4,487,714
Cash provided by operating activities	2,821,418	6,358,525
Cash provided by/(used in) financing activities	1,375,723	(1,339,304)
Cash used in investing activities	(6,711,651)	(589,234)
(Decrease)/Increase in cash and cash equivalents	(2,514,510)	4,429,987
Cash and cash equivalents at beginning of year	8,646,625	4,130,704
Exchange and translation gains on net foreign cash balances	150,673	85,934
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,282,788	8,646,625

GraceKennedy Limited

FINANCIAL INFORMATION BY BUSINESS SEGMENT

QUARTER ENDED 31 DECEMBER 2007

(Unaudited)

12 months to 31 December 2007	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	28,129,781	7,715,442	5,442,127	4,002,690	3,459,394	-	48,749,434
Inter-segment sales	44,471	16,339	77,211	318,822	-	(456,843)	-
Total Revenue	28,174,252	7,731,781	5,519,338	4,321,512	3,459,394	(456,843)	48,749,434
RESULT							
Segment Result	768,992	374,187	1,031,960	291,008	954,563	127,283	3,547,993
Unallocated income						1,589,974	1,589,974
Profit from operations							5,137,967
Finance income	31,910	20,924	77,645	80,426	55,898	97,020	363,823
Finance expense	(265,251)	(91,684)	(28,507)	(945)	(23,672)	(334,644)	(744,703)
Share of associates	63,729	12,714	29,114	13,453	(73,923)	-	45,087
Profit before Taxation	599,380	316,141	1,110,212	383,942	912,866	1,479,633	4,802,174
Taxation							(1,266,958)
Profit for the period							3,535,216
Attributable to:							
Equity holders of the Company							3,435,532
Minority Interest							99,684
							3,535,216

12 months to 31 December 2006	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	17,837,498	7,010,099	4,772,007	3,473,567	2,995,076		36,088,247
Inter-segment sales	151,456	265,681	70,016	312,222	-	(799,375)	-
Total Revenue	17,988,954	7,275,780	4,842,023	3,785,789	2,995,076	(799,375)	36,088,247
RESULT							
Segment Result	474,191	207,637	898,623	338,330	129,349	116,828	2,164,958
Unallocated income						382,956	382,956
Profit from operations							2,547,914
Finance income	73,754	24,953	65,321	83,799	31,414	122,473	401,714
Finance expense	(90,196)	(108,388)	(22,254)	(1,004)	(8,872)	(227,157)	(457,871)
Share of associates	29,978	25,795	14,354	(37,418)	86	-	32,795
Profit before Taxation	487,727	149,997	956,044	383,707	151,977	395,100	2,524,552
Taxation							(653,741)
Profit for the period							1,870,811
Attributable to:							
Equity holders of the Company							1,845,004
Minority Interest							25,807
							1,870,811

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS QUARTER ENDED 31 DECEMBER 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, 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.

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. Divestment

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.