



INTERIM REPORT

**(NINE MONTHS)
30 SEPTEMBER 2012**



GraceKennedy
GraceKennedy Limited

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors present the unaudited results of the Group for the nine months ended September 30, 2012. The Group achieved revenues for the period of \$46.1 billion (2011: \$43.8 billion), a 5.2% or \$2.3 billion increase over the corresponding period of 2011. Net profit attributable to owners of the Company declined by \$123.6 million or 6.4% compared to the corresponding period of 2011, declining from \$1,921.3 million to \$1,797.7 million. This represents earnings per stock unit of \$5.41 (2011: \$5.83).

The Group's asset base grew by \$5,858.8 million since the beginning of the year to total \$106.03 billion. Shareholders' equity increased over the nine month period by \$1,416.1 million to \$30.75 billion which equates to a book value per share of \$92.29.

On September 26, 2012, an interim dividend of 70 cents per stock unit was paid to stockholders on record as at September 7, 2012, compared with 0.45 cents paid on September 28, 2011. The increased payout is being achieved through improved cash management.

GK Foods recorded growth in sales coupled with improving margins resulting in increased profitability over the corresponding period in 2011. Despite the improved performance, profits have been impacted by rising electricity and transportation costs. We also widened our product offerings to better fit the budgets of our consumers given the challenging economic environment.

Our international business units continue to expand their depth of Caribbean brand offerings. We expanded our distribution in North America, with the establishment of additional channels for our brands particularly on the West Coast. We established additional manufacturing lines for our sauces to increase our capacity to service our customers internationally. During the quarter, we acquired the 33 1/3% interest of our minority partner in GraceKennedy (Belize) Limited, this was completed on September 28, 2012. This acquisition is an important part of our strategy for expansion in Central and South America.

The nine months' results for GraceKennedy Financial Group were mixed. Money Services continues to do well with revenue and pre-tax profit growing over the prior year. The cambio line continued its solid performance mainly due to growth in commercial business. In August 2012, remittance locations in Montego Bay were temporarily closed to facilitate new security procedures implemented at those locations.

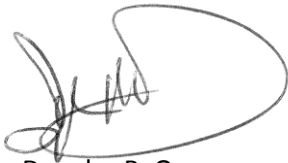
Our Insurance segment recorded increased revenue, however due to higher claims, profits were below 2011 levels. The Banking and Investments segment had a challenging period resulting in a decline in profitability. First Global Bank continued to see strong growth in loans and deposits.

On September 27, 2012, Mr Frank James, Group Chief Financial Officer, was appointed to the Board of GraceKennedy Limited.

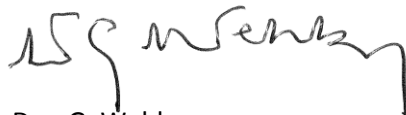
Hurricane Sandy has impacted us all, and we are cognizant that some persons are still feeling the effects. We are committed to do our part to support the efforts of the various agencies as they seek to bring those affected areas back to normalcy. We regret the loss of life, and commend the efforts of those persons at the forefront of the relief efforts.

We thank you, our shareholders, for your confidence and support as we commit to value creation for all our stakeholders. We thank our consumers, customers and suppliers for their continued association and tremendous support. We wish to express our gratitude to our colleague directors, management and staff for their dedication, as together we implement strategies to ensure the continued growth of the GraceKennedy Group.

We remain committed to our values of honesty, integrity and trust and believe these will provide a platform for continued growth. We continue to monitor the environment and remain responsive to ensure continued strong performance of your company.



Douglas R. Orane
Chairman



Don G. Wehby
Group Chief Executive Officer

November 8, 2012

GraceKennedy Limited

CONSOLIDATED INCOME STATEMENT
NINE MONTHS ENDED 30 SEPTEMBER 2012
(Unaudited)

	3 months to 09/30/2012 \$'000	9 months to 09/30/2012 \$'000	3 months to 09/30/2011 \$'000	9 months to 09/30/2011 \$'000
Revenue	15,490,842	46,067,656	14,833,872	43,797,634
Expenses	14,669,390	43,837,781	13,878,962	41,456,836
	821,452	2,229,875	954,910	2,340,798
Other income	209,270	628,379	246,221	799,170
Profit from Operations	1,030,722	2,858,254	1,201,131	3,139,968
Interest income – non-financial services	109,932	263,740	74,120	249,660
Interest expense – non-financial services	(166,515)	(478,414)	(172,214)	(521,972)
Share of results of associated companies	37,341	152,620	31,123	147,536
Profit before Taxation	1,011,480	2,796,200	1,134,160	3,015,192
Taxation	(283,144)	(782,936)	(347,717)	(874,406)
NET PROFIT FOR THE PERIOD	728,336	2,013,264	786,443	2,140,786
Profit attributable to:				
Owners of GraceKennedy Limited	647,982	1,797,719	704,034	1,921,294
Non-controlling interests	80,354	215,545	82,409	219,492
	728,336	2,013,264	786,443	2,140,786

Earnings per Stock Unit for profit attributable to the
owners of the company during the period:
(expressed in \$ per stock unit):

Basic	\$1.95	\$5.41	\$2.13	\$5.83
Diluted	\$1.95	\$5.40	\$2.13	\$5.80

GraceKennedy Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2012
(Unaudited)

	3 months to 09/30/2012 \$'000	9 months to 09/30/2012 \$'000	3 months to 09/30/2011 \$'000	9 months to 09/30/2011 \$'000
Profit for the period	728,336	2,013,264	786,443	2,140,786
Other comprehensive income:				
Foreign currency translation adjustments	121,213	213,258	(33,520)	22,727
Fair value (losses)/gains	(116,735)	(257,718)	(338,256)	312,441
Revaluation losses	-	-	-	(27,365)
Other comprehensive income for the period, net of tax	4,478	(44,460)	(371,776)	307,803
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	732,814	1,968,804	414,667	2,448,589
Total comprehensive income attributable to:				
Owners of GraceKennedy Limited	649,814	1,746,045	331,112	2,228,232
Non-controlling interests	83,000	222,759	83,555	220,357
	732,814	1,968,804	414,667	2,448,589

GraceKennedy Limited


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2012

(Unaudited)

	September 30 2012 \$'000	December 31 2011 \$'000	September 30 2011 \$'000
ASSETS			
Cash and deposits	12,390,886	12,326,328	13,835,727
Investment securities	43,729,363	41,018,930	41,534,535
Receivables	9,564,831	8,492,584	8,656,586
Inventories	6,461,322	6,524,177	6,498,390
Loans receivable	13,397,264	11,911,040	11,359,448
Taxation recoverable	1,058,815	916,802	1,060,159
Investments in associates	904,763	824,160	849,124
Intangible assets	1,923,989	1,893,029	1,913,511
Fixed assets	6,990,478	6,893,248	6,721,626
Deferred tax assets	1,136,936	1,066,226	899,957
Pension plan asset	8,473,960	8,307,244	8,268,413
Total Assets	106,032,607	100,173,768	101,597,476
LIABILITIES			
Deposits	15,084,306	13,693,757	14,643,444
Securities sold under agreements to repurchase	27,913,972	26,451,721	26,012,310
Bank and other loans	11,319,886	11,808,923	13,037,474
Payables	13,744,709	12,252,825	12,515,614
Taxation	431,178	268,278	489,892
Provisions	9,496	7,243	6,221
Deferred tax liabilities	2,894,070	2,911,390	2,659,512
Other post-employment obligations	2,499,459	2,165,226	2,272,799
Total Liabilities	73,897,076	69,559,363	71,637,266
EQUITY			
Capital & reserves attributable to the company's owners			
Share capital	680,142	593,968	589,745
Capital and fair value reserves	4,528,369	4,794,309	4,846,784
Retained earnings	21,301,430	19,911,616	18,894,836
Banking reserves	1,942,967	1,942,967	2,222,315
Other reserves	2,301,080	2,095,036	2,071,810
	30,753,988	29,337,896	28,625,490
Non-controlling interests	1,381,543	1,276,509	1,334,720
Total Equity	32,135,531	30,614,405	29,960,210
Total Equity and Liabilities	106,032,607	100,173,768	101,597,476

Approved for issue by the Board of Directors on 8 November 2012 and signed on its behalf by:



 Douglas Orane Chairman



 Don Wehby Group Chief Executive Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NINE MONTHS ENDED 30 SEPTEMBER 2012

(Unaudited)

	Attributable to owners of the company							Non-controlling interests	Total Equity
	No. of Shares	Share Capital	Capital and Fair Value Reserve	Retained Earnings	Banking Reserves	Other Reserves	Total		
	'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2011	329,636	574,216	4,443,059	17,459,342	2,222,315	1,998,873	26,697,805	1,145,352	27,843,157
Total comprehensive income for the period	-	-	285,076	1,921,294	-	21,862	2,228,232	220,357	2,448,589
Issue of shares	513	15,529	-	-	-	-	15,529	-	15,529
Decrease in non-controlling interests	-	-	-	(37,404)	-	4,096	(33,308)	33,308	-
Employee share option scheme	-	-	-	-	-	46,979	46,979	-	46,979
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(64,297)	(64,297)
Dividends paid	-	-	-	(329,747)	-	-	(329,747)	-	(329,747)
Total transactions with owners	513	15,529	-	(367,151)	-	51,075	(300,547)	(30,989)	(331,536)
Transfers between reserves:									
To capital reserves	-	-	118,649	(118,649)	-	-	-	-	-
Balance at 30 September 2011	330,149	589,745	4,846,784	18,894,836	2,222,315	2,071,810	28,625,490	1,334,720	29,960,210
Balance at 1 January 2012	330,255	593,968	4,794,309	19,911,616	1,942,967	2,095,036	29,337,896	1,276,509	30,614,405
Total comprehensive income for the period	-	-	(257,718)	1,797,719	-	206,044	1,746,045	222,759	1,968,804
Issue of shares	2,989	86,174	-	-	-	-	86,174	-	86,174
Transfer of non-controlling interests	-	-	-	(464)	-	-	(464)	(49,111)	(49,575)
Employee share option scheme	-	-	-	17,121	-	-	17,121	-	17,121
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(68,614)	(68,614)
Dividends paid	-	-	-	(432,784)	-	-	(432,784)	-	(432,784)
Total transactions with owners	2,989	86,174	-	(416,127)	-	-	(329,953)	(117,725)	(447,678)
Transfers between reserves:									
To retained earnings	-	-	(8,222)	8,222	-	-	-	-	-
Balance at 30 September 2012	333,244	680,142	4,528,369	21,301,430	1,942,967	2,301,080	30,753,988	1,381,543	32,135,531

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2012

(Unaudited)

	09/30/2012 \$'000	09/30/2011 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	2,013,264	2,140,786
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	2,400,037	169,181
Cash provided by operating activities	4,413,301	2,309,967
Cash used in financing activities	(2,097,950)	(1,318,683)
Cash used in investing activities	(2,893,391)	(543,203)
(Decrease)/Increase in cash and cash equivalents	(578,040)	448,081
Cash and cash equivalents at beginning of year	10,958,017	11,918,047
Exchange and translation gains on net foreign cash balances	66,136	10,667
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,446,113	12,376,795

GraceKennedy Limited

FINANCIAL INFORMATION BY OPERATING SEGMENT

NINE MONTHS ENDED 30 SEPTEMBER 2012

(Unaudited)

9 months to 30 September 2012	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	30,377,962	4,653,695	3,950,318	3,441,515	3,644,166	-	46,067,656
Inter-segment sales	199,231	3,991	19,347	399,598	-	(622,167)	-
Total Revenue	30,577,193	4,657,686	3,969,665	3,841,113	3,644,166	(622,167)	46,067,656

RESULT							
Operating results	883,120	93,309	488,748	307,308	1,118,672	46,662	2,937,819
Unallocated expense	-	-	-	-	-	(79,565)	(79,565)
Profit from operations	-	-	-	-	-	-	2,858,254
Finance income	33,412	4,634	21,344	11,730	60,132	132,488	263,740
Finance expense	(298,494)	(52,739)	(84,404)	(5,865)	(732)	(36,180)	(478,414)
Share of associates	103,078	-	43,409	6,133	-	-	152,620
Profit before Taxation	721,116	45,204	469,097	319,306	1,178,072	63,405	2,796,200
Taxation							(782,936)
Net Profit for the period							2,013,264

Attributable to:

Owners of GraceKennedy Limited	1,797,719
Non-controlling interests	215,545
	2,013,264

9 months to 30 September 2011	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	28,858,359	4,552,144	3,964,818	3,115,702	3,306,611	-	43,797,634
Inter-segment sales	151,561	3,610	12,750	335,418	-	(503,339)	-
Total Revenue	29,009,920	4,555,754	3,977,568	3,451,120	3,306,611	(503,339)	43,797,634

RESULT							
Operating results	817,351	140,837	735,725	376,664	1,001,768	7,910	3,080,255
Unallocated income	-	-	-	-	-	59,713	59,713
Profit from operations	-	-	-	-	-	-	3,139,968
Finance income	11,774	1,708	37,241	12,052	42,372	144,513	249,660
Finance expense	(286,147)	(51,298)	(68,584)	(5,317)	(1,097)	(109,529)	(521,972)
Share of associates	110,681	-	42,949	(6,094)	-	-	147,536
Profit before Taxation	653,659	91,247	747,331	377,305	1,043,043	102,607	3,015,192
Taxation							(874,406)
Net Profit for the period							2,140,786

Attributable to:

Owners of GraceKennedy Limited	1,921,294
Non-controlling interests	219,492
	2,140,786

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 SEPTEMBER 2012

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 2011.

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.

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.

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.

(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.
- *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.