

# Grace, Kennedy & Company Limited

## Unaudited Results For quarter ended 30 June 2002

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### GROUP PROFIT AND LOSS ACCOUNT - Unaudited

For quarter ended 30 June 2002

	<u>3 months to</u> <u>30/06/2002</u> <u>\$'000</u>	<u>6 months to</u> <u>30/06/2002</u> <u>\$'000</u>	<u>3 months to</u> <u>30/06/2001</u> <u>\$'000</u>	<u>6 months to</u> <u>30/06/2001</u> <u>\$'000</u>
<b>Revenues</b>	4,500,685	9,047,943	3,712,667	7,514,069
Expenses	4,200,800	8,523,062	3,471,291	7,118,816
<b>Operating Income</b>	299,885	524,881	241,376	395,253
Other Income	147,035	268,089	124,213	241,898
Share of results of associated companies	13,570	94,175	32,890	86,486
Exceptional items	(249)	(5,970)	(83,571)	(86,058)
<b>Profit before Taxation</b>	460,241	881,175	314,908	637,579
Taxation	133,471	255,541	78,605	172,147
<b>Profit after Taxation</b>	326,770	625,634	236,303	465,432
Minority interest in results of subsidiaries	8,289	17,366	12,665	22,947
<b>Net Profit Attributable to the Stockholders</b>	318,481	608,268	223,638	442,485
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Earnings per stock unit of \$1.00	1.19	2.27	0.83	1.65*
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\*\*\*: Adjusted to reflect issue of New and Bonus Shares

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## Group Balance Sheet Unaudited

### 30 June 2002

	June 2002 \$'000	December 2001 \$'000	June 2001 \$'000
<b>NET ASSETS EMPLOYED</b>			
FIXED ASSETS	1,945,599	1,947,667	1,787,103
INVESTMENTS	2,856,260	2,628,368	2,314,591
LONG TERM RECEIVABLES	228,005	183,512	297,097
CURRENT ASSETS:			
Inventories	1,403,095	1,485,668	1,173,334
Receivables			
Long term receivables -	2,927,143	2,329,372	2,335,257
current portion	574,190	343,238	85,262
Taxation recoverable	263,745	302,307	283,316
Cash and short term investments	7,384,912	6,162,953	5,562,845
	<u>12,553,085</u>	<u>10,623,538</u>	<u>9,440,014</u>
CURRENT LIABILITIES:			
Payables	3,946,007	3,933,968	3,526,398

Bank and short term loans	1,145,458	1,464,829	1,182,949
Long term liabilities - current portion	71,645	94,391	88,349
Deposits	1,570,887	927,530	884,358
Securities sold under agreement to rep	2,737,555	1,582,497	1,179,393
Taxation	351,592	189,149	199,774
	<u>9,823,144</u>	<u>8,192,364</u>	<u>7,061,221</u>
NET CURRENT ASSETS	2,729,941	2,431,174	2,378,793
TRADE MARKS	-	-	736
	<u>7,759,805</u>	<u>7,190,721</u>	<u>6,778,320</u>

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**FINANCED BY**

SHARE CAPITAL	268,320	266,887	219,190
CAPITAL RESERVE	2,799,320	2,779,571	2,440,983
RESERVE FUND	106,659	106,659	42,714
RETAINED EARNINGS	3,243,207	2,712,458	2,646,724
TRANSLATION GAINS	619,637	568,312	536,618
	<u>7,037,143</u>	<u>6,433,887</u>	<u>5,886,229</u>
MINORITY INTEREST	168,422	175,030	152,214
LONG TERM LIABILITIES	554,240	581,804	739,877
	<u>7,759,805</u>	<u>7,190,721</u>	<u>6,778,320</u>

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ON BEHALF OF THE BOARD

D.R. Orane  
Chairman

D.G. Wehby  
Chief Financial Officer

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**Statement of Changes in Equity - Unaudited**

## Quarter Ended 30 June 2002

	Share Capital Number	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000
<b>Balance at 1 January 2001</b>	216,588	216,588	2,380,861	2,263,654	543,672	5,404,775
Net g/(l) not in P&L:						
FC translation adjustments	-	-	-	-	35,660	35,660
Revaluation Gain	-	-	(9,764)	-	-	(9,764)
Net excess of investments	-	-	32,308	-	-	32,308
Total	-	-	22,544	-	35,660	58,204
Net profit	-	-	-	442,485	-	442,485
Issue of Bonus shares	-	-	-	-	-	-
Issue of shares at a premium	2,602	2,602	32,523	-	-	35,125
Bonus shares received	-	-	-	-	-	-
Transfers between reserves	-	-	5,055	(5,055)	-	-
Reserve arising on acquisition	-	-	-	-	-	-
Dividends to stockholders	-	-	-	(54,360)	-	(54,360)
Withholding tax	-	-	-	-	-	-
<b>Balance at 30 June 2001</b>	219,190	219,190	2,440,983	2,646,724	579,332	5,886,229
<b>Balance at 1 January 2002</b>	266,887	266,887	2,779,571	2,712,458	674,971	6,433,887
Net g/(l) not in P&L:						
FC translation adjustments	-	-	-	-	51,325	51,325
Revaluation Gain	-	-	-	-	-	-
Net excess of investments	-	-	-	-	-	-
Total	-	-	-	-	51,325	51,325
Net profit	-	-	-	608,268	-	608,268
Issue of Bonus shares	-	-	-	-	-	-
Issue of shares at a premium	1,433	1,433	14,621	-	-	16,054
Bonus shares received	-	-	-	-	-	-
Transfers between reserves	-	-	5,128	(5,128)	-	-

Reserve arising on acquisition				-			-
Dividends to stockholders				(72,391)			(72,391)
Withholding tax				-			-
<b>Balance at 30 June 2002</b>		268,320	268,320	2,799,320	3,243,207	726,296	7,037,143

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**CONSOLIDATED STATEMENT OF CASHFLOWS - Unaudited**

**QUARTER ENDED 30 JUNE 2002**

	<u>30/06/2002</u>	<u>30/06/2001</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>SOURCES/(USES) OF CASH:</b>		
<b>Operating Activities</b>		
Net profit	608,268	442,485
Items not affecting cash	<u>127,951</u>	<u>63,174</u>
	736,219	505,659
Changes in non-cash working capital components	(253,944)	(66,601)
Cash provided by operating activities	482,275	439,058
Cash provided by financing activities	227,691	584,790
Cash used in investing activities	<u>(709,351)</u>	<u>(1,250,834)</u>
Increase/(Decrease) in cash and cash equivalents	615	(226,986)
Cash and cash equivalents at beginning of year	1,345,150	1,375,984
Exchange and translation gains on net foreign cash balances	<u>7,246</u>	<u>1,879</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>1,353,011</u>	<u>1,150,877</u>

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## Notes

### 1. Accounting Policies

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 2001.

### 2. Cash and short term investments

	June 2002	December 2001
	<u>\$'000</u>	<u>\$'000</u>
First Global Bank	3,395,296	2,318,526
Other group companies	<u>3,989,616</u>	<u>3,844,427</u>
	7,384,912	6,162,953
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**Cash and cash equivalents** comprise of cash at bank and in hand, short term deposits with an average maturity of under 90 days, net of bank and short term loans.

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## INTERIM REPORT TO OUR STOCKHOLDERS

The Directors are pleased to present the unaudited results of the Group for the six-month period ended June 2002.

The Group achieved Revenues for the period of \$9,047.9 million (2001: \$7,514.1 million) an increase of \$1,533.8 million or 20.4%. The Net Profit Attributable to Stockholders increased by \$165.8 million over the corresponding period of 2001, moving from \$442.5 million to \$608.3 million, an increase of 37.5%. This represents Earnings per Stock Unit of \$2.27 (2001: \$1.65).

The Food Trading Division showed good results for the first half of the year, with most of its companies performing above expectations. Grace Foods & Services Company continues to generate outstanding results and this is being supported by our decision to

pursue the development of new products and the strengthening of our service culture. Our most recent new product, the Grace Read-Meal soup range, has been very well received by consumers. Our international business continues to perform exceedingly well particularly in the north eastern USA. During the first week of May, the commercial production of Tropical Rhythms started in Canada which will service the major markets of North America and some Caribbean destinations.

The Retail and Trading Division showed generally satisfactory results for the first half of the year. The retailing side of the Division, namely Hi-Lo Food Stores (Jamaica) Limited and Rapid & Sheffield Company Limited, had strong increases in sales over the corresponding period last year. During the quarter, Rapid & Sheffield Company Limited was successful in purchasing Colour Choice Limited, a very popular and successful hardware store specializing in tiles, bathroom and plumbing supplies in St. Ann's Bay. Medi-Grace Limited had a successful second quarter, producing profits for three consecutive months following its restructuring at the end of March.

The Financial Services Division recorded impressive results for the first half of 2002. Our banking interests, First Global Bank Limited and George & Branday Limited continue to show significant growth in revenue and profits. First Global Stockbrokers Limited, our recently established stockbroking company, was the leading broker for February and May in terms of market share. Our insurance interests also performed above expectations.

The overall financial results of the Maritime Division were satisfactory. Despite the temporary setback to the plans of Kingston Wharves Limited to improve efficiency and customer service by integrating and including stevedoring in its menu of services, the company continues on its modernization drive. Kingston Wharves Limited has ordered a new Gottwald mobile ship-to-shore crane, a new container stacker and a suite of terminal management software. Additionally, the dredging of the berths has been completed, which will allow for greater flexibility in berth assignments.

The Information Services Division recorded satisfactory results for the first half of 2002 in comparison to the previous year. During the last week of June, Bill Express started acting as collection agents for the electricity and telephone companies in Guyana.

Grace, Kennedy Export Trading Limited was recently awarded the top prize of Champion Exporter for 2001 by the Jamaica Exporters Association. In addition, two companies within our group were also honoured at that time - Allied Insurance Brokers

Limited in the Insurance Support Category, and Carib Star Shipping Limited in the Shipping Category.

The Chamber of Commerce for Doral & Airport West community in Florida recently hosted a presentation ceremony to honour outstanding performers throughout the business community. Awards were presented in geographical categories and Grace, Kennedy & Company Limited was one of two companies which received the International Business Awards 2002 as high performer in the import/export industry in South Florida.

One of the key drivers within our group is the theme "investing in our people". On 12 July, a conference with that title was held with 257 of our senior staff attending. Presentations were made by human resources development managers from across the group, and several ideas generated on how to further our objectives. As a tangible example of investing in people in the wider community, I am pleased to report that two former students of the Grace & Staff Community Development Foundation's Tower Street Homework Centre, Samuel Pyne and Tamara Young, graduated this summer from Benedict College, South Carolina, USA. They were the first pioneering beneficiaries four years ago of our programme to identify US scholarships for bright young Jamaicans from our inner city communities.

We have revised our forecast of the increase in Net Profit Attributable to Stockholders for 2002 over the previous year from 25% to 32%.

We continue to be motivated by the loyalty and encouragement of our valued customers, consumers, suppliers and all stakeholders and the support and dedicated service of our committed team of directors, management and staff.

Douglas R. Orane  
Chairman & Chief Executive Officer

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