

## **GraceKennedy Announces the Sale of MediGrace**

GraceKennedy Limited announces the sale of Medi-Grace Limited to Smith Russell & Company Limited, a company which is engaged in the distribution of pharmaceutical and consumer products. It is expected that the sale will be completed by August 31, 2006.

John Mahfood, Chief Operating Officer of GraceKennedy's Retail & Trading division, said the decision to sell MediGrace was based on GraceKennedy's strategy to focus on fewer, but larger companies. Mr. Mahfood explained that while Medi-Grace Ltd. has been consistently profitable for the last three years, it is relatively small in comparison to the other major industry players. Over the years, GraceKennedy has divested itself of small businesses in its portfolio.

Mr. Mahfood added that a critical part of the decision was also based on the commitment given by the purchasers to consider current employees of Medi-Grace to fill positions available in the reorganized company, noting "the staff of Medi-Grace represent some of the most experienced and dedicated persons in the industry. I am confident that the company will continue to do very well under the new owners supported by a strong team".

Medi-Grace Ltd. is involved in the distribution of pharmaceutical and consumer products, and represents such well known companies as Eli Lilly, Merck Sharp & Dohme, and Pfizer Consumer Health. It is expected that under the new ownership, Medi-Grace will continue to operate as an independent company focusing on the pharmaceutical industry. GraceKennedy Ltd. also operates a similar business which is involved in the distribution of consumer items called World Brands Ltd. Based on the terms of the agreement, certain consumer products with the brand names, Dial, Soft Sheen and Energizer now carried by Medi-Grace will be transferred to World Brands Ltd.

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