INTERIM REPORT

(TWELVE MONTHS)
31 DECEMBER 2009

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors present the unaudited results of the Group for the twelve months ended December 31, 2009.

The Group achieved Revenues for the twelve month period of $57,406 million (2008: $53,462 million), an increase of $3,944 million or 7%. The Net Profit Attributable to owners of the Company increased by $900.5 million over the corresponding period of 2008, moving from $1,674.5 million to $2,575.0 million, an increase of 54%. This represents earnings per stock unit of $7.82 (2008: $5.10) an increase of 53%. In US dollars, earnings per stock unit was 8.83 US cents (2008: 6.97 US cents) an increase of 27%.

From our previous public statements, shareholders would be aware of losses suffered by the Group of $1,768 million which came to light during the third quarter of the year. The losses arose from unauthorized and undisclosed trading activities in US Government Treasury Bonds by a senior employee of our subsidiary, First Global Bank Limited, who was subsequently dismissed. Of that amount, $926 million related to financial year 2008, and $842 million to year 2009, and, in accordance with International Financial Reporting Standards requirements, the 2008 financial statements were restated, and the losses were reported in the respective years. The bank has taken action to ensure that risks surrounding possible similar losses have been eliminated and has implemented additional measures necessary to ensure that there is no recurrence.

GK Foods and GK Financial Group had mixed results during the fourth quarter. The severity of the global recession has had an adverse effect on the demand for our products and services. The Group has responded by launching a wide range of new products to give consumers a greater choice, while focussing on reducing internal costs.

During the fourth quarter, we retained the services of an international advisory firm to carry out a review of the Group's internal controls, risk management and governance processes. This major project to strengthen control systems within the Group, will continue through 2010.

Our new Distribution Centre in Spanish Town reached practical completion status in December 2009 and at the time of this report we have started to move inventory into the building. Deliveries for the export markets will commence mid February 2010, with complete service to the domestic market as of April 2010.

GraceKennedy Limited made a second dividend payment on December 18, 2009, of 65 cents per stock unit, or a total of $214.3 million to shareholders on record as at November 27, 2009. The total dividend payment for 2009 was, therefore, $378.8 million compared to $378.3 million for 2008.

Thanks to my colleague directors, management and staff who continue to be dedicated to the efforts of the GraceKennedy Group in achieving our objectives in turbulent world conditions. We also wish to thank our customers, consumers, suppliers and all stakeholders for their continuing support as we adapt our businesses in response to our customers' needs.

Douglas R. Orane
Chairman & Chief Executive Officer

February 12, 2010

GraceKennedy Limited

CONSOLIDATED INCOME STATEMENT
QUARTER ENDED 31 DECEMBER 2009
(Unaudited)

	3 months to 31/12/2009 $'000	12 months to 31/12/2009 $'000	Restated 3 months to 31/12/2008 $'000	Restated 12 months to 31/12/2008 $'000
Revenue	13,991,119	57,406,415	13,303,173	53,462,279
Expenses	13,456,338	55,232,080	14,124,506	52,151,282
	534,781	2,174,335	(821,333)	1,310,997
Other income	241,374	1,488,561	665,230	1,247,233
Profit from Operations	776,155	3,662,896	(156,103)	2,558,230
Interest income – non-financial services	128,351	474,589	82,840	395,292
Interest expense – non-financial services	(150,625)	(627,661)	(147,380)	(570,481)
Share of results of associated companies	23,788	144,043	11,772	95,852
Profit before Taxation	777,669	3,653,867	(208,871)	2,478,893
Taxation	(68,185)	(931,044)	162,077	(698,007)
NET PROFIT FOR THE PERIOD	709,484	2,722,823	(46,794)	1,780,886
Profit attributable to:				
Owners of GraceKennedy Limited	753,099	2,574,955	(571)	1,674,475
Non-controlling interests	(43,615)	147,868	(46,223)	106,411
	709,484	2,722,823	(46,794)	1,780,886

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

	3 months to 31/12/2009	12 months to 31/12/2009	3 months to 31/12/2008	12 months to 31/12/2008
Basic	$2.29	$7.82	$0.00	$5.10
Diluted	$2.28	$7.79	$0.00	$5.05

GraceKennedy Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTER ENDED 31 DECEMBER 2009
(Unaudited)

	3 months to 31/12/2009 $'000	12 months to 31/12/2009 $'000	Restated 3 months to 31/12/2008 $'000	Restated 12 months to 31/12/2008 $'000
Profit for the period	709,484	2,722,823	(46,794)	1,780,886
Other comprehensive income:				
Foreign currency translation adjustments	78,182	560,081	19,652	178,002
Fair value (losses)/gains	(52,164)	1,227,905	(1,494,777)	(2,282,627)
Revaluation gains/(losses)	2,872	(52,852)	339,943	481,243
Other comprehensive income for the period, net of tax	28,890	1,735,134	(1,135,182)	(1,623,382)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	738,374	4,457,957	(1,181,976)	157,504
Total comprehensive income attributable to:				
Owners of GraceKennedy Limited	761,167	4,255,966	(1,222,822)	(41,704)
Non-controlling interests	(22,793)	201,991	40,846	199,208
	738,374	4,457,957	(1,181,976)	157,504

GraceKennedy Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009
(Unaudited)

	2009 $'000	Restated 2008 $'000
ASSETS		
Cash and deposits	10,608,376	7,985,647
Investment securities	43,420,747	46,577,490
Receivables	7,780,765	8,567,839
Inventories	5,501,746	5,582,398
Loans receivable	11,191,055	9,389,004
Taxation recoverable	1,001,844	652,278
Investments in associates	699,257	851,331
Intangible assets	2,491,055	2,486,997
Fixed assets	6,231,744	4,198,367
Deferred tax assets	1,202,078	967,864
Pension plan asset	7,438,584	7,165,149
Total Assets	97,567,251	94,424,364
LIABILITIES		
Deposits	11,980,676	13,942,768
Securities sold under agreements to repurchase	27,380,505	27,258,533
Bank and other loans	17,227,287	15,670,367
Payables	11,377,084	11,991,771
Taxation	437,067	278,098
Provisions	6,986	13,770
Deferred tax liabilities	2,367,502	2,036,831
Other post-employment obligations	1,945,132	1,659,160
Total Liabilities	72,722,239	72,851,298
EQUITY		
Capital & reserves attributable to the company's owners		
Share capital	573,976	553,879
Capital and fair value reserves	2,781,614	1,741,106
Retained earnings	17,305,066	14,827,191
Reserve funds	627,685	776,884
Other reserves	2,409,301	1,900,345
	23,697,642	19,799,405
Non-controlling interests	1,147,370	1,773,661
Total equity	24,845,012	21,573,066
Total Equity and Liabilities	97,567,251	94,424,364

Approved for issue by the Board of Directors on 12 February 2010 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 2009
(Unaudited)

	Attributable to owners of the company							Non-controlling interests	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 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
Total comprehensive income for the period	-	-	(1,869,727)	1,674,475	-	153,548	(41,704)	199,208	157,504
Issue of shares	1,947	66,989	-	-	-	-	66,989	-	66,989
Issue of treasury shares	1,072	67,151	12,678	-	-	-	79,829	-	79,829
Transfers between reserves:	-	-	33,872	(33,872)	-	-	-	-	-
Employee share option scheme	-	-	-	-	-	34,087	34,087	-	34,087
Dividends paid	-	-	-	(378,313)	-	-	(378,313)	-	(378,313)
Balance at 31 December 2008 (Restated)	329,154	553,879	1,741,106	14,827,191	776,884	1,900,345	19,799,405	1,773,661	21,573,066
Balance at 1 January 2009	329,154	553,879	1,741,106	14,827,191	776,884	1,900,345	19,799,405	1,773,661	21,573,066
Total comprehensive income for the period	-	-	1,173,067	2,574,955	-	507,944	4,255,966	201,991	4,457,957
Issue of shares	479	20,097	-	-	-	-	20,097	-	20,097
Decrease in non-controlling interests	-	-	-	-	-	-	-	(277,376)	(277,376)
Transfers between reserves:	-	-	-	-	-	-	-	-	-
To capital reserves	-	-	22,972	(22,972)	-	-	-	-	-
To retained earnings -	-	-	(155,531)	304,730	(149,199)	-	-	-	-
Employee share option scheme	-	-	-	-	-	1,012	1,012	-	1,012
Dividends paid	-	-	-	(378,838)	-	-	(378,838)	-	(378,838)
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(550,906)	(550,906)
Balance at 31 December 2009	329,633	573,976	2,781,614	17,305,066	627,685	2,409,301	23,697,642	1,147,370	24,845,012

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
QUARTER ENDED 31 DECEMBER 2009
(Unaudited)

	31/12/2009 $'000	Restated 31/12/2008 $'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	2,722,823	1,780,886
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(4,972,691)	1,918,267
Cash (used in)/provided by operating activities	(2,249,868)	3,699,153
Cash (used in)/provided by financing activities	(1,296,387)	5,132,239
Cash provided by/(used in) investing activities	5,303,112	(8,768,548)
Increase in cash and cash equivalents	1,756,857	62,844
Cash and cash equivalents at beginning of year	6,691,504	6,251,787
Exchange and translation gains on net foreign cash balances	350,307	376,873
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,798,668	6,691,504

GraceKennedy Limited

FINANCIAL INFORMATION BY OPERATING SEGMENT
QUARTER ENDED 31 DECEMBER 2009
(Unaudited)

12 months to 31 December 2009	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	34,430,955	6,545,376	7,965,009	3,941,427	4,523,648	-	57,406,415
Inter-segment sales	180,352	5,036	255,428	352,367	-	(793,183)	-
Total Revenue	34,611,307	6,550,412	8,220,437	4,293,794	4,523,648	(793,183)	57,406,415
RESULT							
Segment Result	774,034	70,892	4,902	429,253	1,331,128	227,632	2,837,841
Unallocated income	-	-	-	-	-	825,055	825,055
Profit from operations	-	-	-	-	-	-	3,662,896
Finance income	23,891	23,696	86,725	51,266	78,043	210,968	474,589
Finance expense	(159,815)	(186,369)	(37,590)	(7,803)	(889)	(235,195)	(627,661)
Share of associates	85,646	8,951	50,912	(977)	(489)	-	144,043
Profit before Taxation	723,756	(82,830)	104,949	471,739	1,407,793	1,028,460	3,653,867
Taxation							(931,044)
Net Profit for the period							2,722,823
Attributable to:							
Owners of GraceKennedy Limited							2,574,955
Non-controlling interests							147,868
							2,722,823

12 months to 31 December 2008	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Restated Group $'000
REVENUE							
External sales	32,022,862	7,846,722	6,098,197	3,724,874	3,769,624	-	53,462,279
Inter-segment sales	88,094	17,542	77,774	306,073	-	(489,483)	-
Total Revenue	32,110,956	7,864,264	6,175,971	4,030,947	3,769,624	(489,483)	53,462,279
RESULT							
Segment Result	765,060	(315,827)	(58,131)	388,441	1,057,903	75,851	1,913,297
Unallocated income	-	-	-	-	-	644,933	644,933
Profit from operations	-	-	-	-	-	-	2,558,230
Finance income	39,470	25,737	86,916	56,284	96,013	90,872	395,292
Finance expense	(238,076)	(161,452)	(30,438)	(3,055)	(4,288)	(133,172)	(570,481)
Share of associates	46,480	11,158	27,666	13,545	(2,997)	-	95,852
Profit before Taxation	612,934	(440,384)	26,013	455,215	1,146,631	678,484	2,478,893
Taxation							(698,007)
Net Profit for the period							1,780,886
Attributable to:							
Owners of GraceKennedy Limited							1,674,475
Non-controlling interests							106,411
							1,780,886

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 2008 with the exception of the revision to IAS 1 – Presentation of Financial Statements and the adoption of IFRS 8 – Operating Segments.

The effect of IAS 1 is to present total recognised income and expenses in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. Components of other comprehensive income may not be presented in the statement of changes in equity. The balance sheet is now referred to as the 'statement of financial position', the cash flow statement referred to as the 'statement of cash flows', equity holders referred to as 'owners' and minority interest referred to as 'non-controlling interests'. IFRS 8 replaces IAS 14, Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

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 and loans receivable categories. 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. Loans receivable financial assets are subsequently re-measured at amortised cost.

(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; 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. In addition, the comparative figures have been restated to reflect the effect of irregular treasury trading activities, as described in Note 2.

2. Effect of Irregular Treasury Trading Activities

In August 2009, GraceKennedy Limited conducted an internal review of the treasury operations of First Global Bank Limited (FGB) and detected certain irregular transactions related to the trading of U.S. treasuries. Further investigations have confirmed that FGB suffered losses of J$1,768 million (US$19.9 million) from these irregularities. These losses were the result of breaches of procedures and unauthorised trading and irregular reporting of transactions done in U.S. treasuries with overseas counterparties. The transactions were initiated by a senior employee of the bank, who has since been dismissed.

GraceKennedy Limited, the ultimate parent company of FGB, has injected J$900 million of new capital into the bank. The capital injection into FGB ensures that the bank comfortably exceeds the capital base to total assets ratio required by the Bank of Jamaica regulations. FGB is therefore able to meet all the needs of its depositors and continues to provide high quality financial services to all its customers.

Of the total recognised loss of $1,768 million, J$926 million relates to the prior year. The financial statements of 2008 have been restated to make this correction. The effect of the restatement on those financial statements is summarised below.

	Note	12 months to 31/12/2008 $'000	12 months to 31/12/2008 $'000
Profit attributable to owners of GraceKennedy Limited as previously reported			2,291,585
(Increase) in Expenses	a)	(925,665)	
Decrease in Taxation	b)	308,555	
(Decrease) in Net Profit			(617,110)
Profit as restated			1,674,475

Earnings per Stock Unit for profit attributable to owners of GraceKennedy Limited (expressed in $ per stock unit)	Basic	Diluted
EPS as previously reported	$6.98	$6.92
(Decrease) due to restatement	($1.88)	($1.87)
EPS as restated	$5.10	$5.05

	Note	December 2008 $'000	December 2008 $'000
Equity attributable to owners of GraceKennedy Limited as previously reported			20,416,515
Increase in Deferred tax assets	b)	308,555	
Increase in Cash and deposits	c)	287,248	
(Decrease) in Investment securities	d)	(258,037)	
(Increase) in Bank and other loans	e)	(954,876)	
(Decrease) in Equity			(617,110)
Equity as restated			19,799,405

2. Effect of Irregular Treasury Trading Activities (continued)

(a) Trading losses recognised from the purchase and sale of U.S. Treasuries.

(b) Tax credits arising from the trading losses recognised which can be applied against taxable profits in the future.

(c) Cash balances previously classified under investment securities which were related to trading accounts.

(d) Reversal of unrealised fair value gains on U.S. Treasuries and trading losses not previously booked. This includes the reclassification of trading positions.

(e) Reclassification of short term loans and margin positions, including fair value losses recognised on U.S. Treasuries.

In the twelve-month results for 2009, the effect of the trading losses on pre-tax profits is J$842 million, which is reflected on the "Expenses" line. This amount was incurred over the nine-month period ending September 30, 2009, with the losses realised in the 1st, 2nd and 3rd quarters being $182 million, $358 million and $302 million, respectively.

3. Contingent Liabilities

In 2000, a suit was filed jointly against a subsidiary, GraceKennedy Remittance Services Limited ("GKRS"), and a software developer by Paymaster (Jamaica) Limited (Paymaster), a bills payment company. The suit claims damages arising out of the use by the subsidiary of certain software, which Paymaster alleges it owns the copyright in. The matter arose when GKRS implemented the use of this software under an agreement with the developer. The developer has expressly stated that he is and always has been the owner of the software. GKRS has denied all claims made by Paymaster.

An injunction was obtained by Paymaster in 2000 to prevent further use of the software by GKRS, until the matter has been decided in court. In compliance with the injunction GKRS ceased use of the software in question, and wrote off the costs related to its acquisition.

The matter was dormant until a Case Management Conference was held in May 2006 and orders made concerning the timetable for the case through to trial date of July 7-18, 2008. The trial was held between October 12-20, 2009 and judgment of the court is awaited. The amount being claimed in the suit is approximately $1.7 billion. GKRS has denied all claims made by Paymaster. No provision has been made in these financial statements in respect of this action.