INTERIM REPORT

(NINE MONTHS)
30 SEPTEMBER 2009

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors present the unaudited results of the Group for the nine months ended September 30, 2009.

The Group achieved Revenues for the nine month period of $43,415 million (2008: $40,159 million), an increase of $3,256 million or 8.1%. The Net Profit Attributable to owners of the Company increased by $147 million over the corresponding period of 2008, moving from $1,675 million to $1,822 million, an increase of 8.8%. This represents earnings per stock unit of $5.53 (2008: $5.10) an increase of 8.4%. In US dollars, earnings per stock unit was 6.26 US cents (2008: 7.15 US cents) a decrease of 12.4%.

As shareholders would be aware from my previous public statements, the Group suffered losses of $1,768 million arising from unauthorized and undisclosed trading activities in US Government Treasury Bonds by a senior employee of our subsidiary First Global Bank Limited (FGB) which came to light during the quarter. Of that amount, $926 million related to financial year 2008, and $842 million to year 2009, and, in accordance with International Financial Standards Board requirements, the 2008 financial statements were restated, and the losses were reported in the respective years.

Disciplinary action was taken including the dismissal of the senior employee and resignations received from other senior officers. Changes have been made in the bank staffing to strengthen the management structure. 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.

On September 3, 2009, $900 million of new capital was injected into the bank by the ultimate parent GraceKennedy Ltd. The injection of capital was made from GraceKennedy's own resources through First Global Holdings Ltd., the immediate parent company of the bank and demonstrates GraceKennedy's stated commitment to stand firmly behind First Global Bank. The capital injection into FGB has ensured that the bank comfortably exceeds the capital base to total assets ratio required by the regulations and continues to provide high quality financial services to its customers.

GK Foods had a very challenging third quarter. However, while revenues were below expectations, pre-tax profits year-to-date were above the comparable prior year period. Although most of the markets in which we do business have been affected by the global recession, the domestic and UK markets have been most significantly impacted. During the quarter, we sent our first shipment comprising juices and pepper sauces into French Guiana. For the first time we shipped a number of containers of Nurishment, our number one milk based drink in the UK to Trinidad, Guyana and Barbados. We intend to make further shipments to other Caribbean territories through our bonded warehouse in Jamaica.

In September 2009, we commenced the production of hot pepper and escallion mash at Southern Processors Ltd in Bull Savannah, St. Elizabeth. The plan is to manufacture approximately 2 million kgs in the first year utilizing contract farmers. So far we have entered into contracts with approximately 60 farmers located primarily on the south coast from Clarendon to Westmoreland.

Our new Distribution Centre which is located on lands at Bernard Lodge, south of Spanish Town, is on schedule for construction to be completed in December 2009. The new facility will be commissioned for full scale operations by the beginning of the second quarter of 2010.

On September 23, 2009, Hi-Lo Food Stores opened stores at two new locations, Fairview Shopping Centre in Bogue, Montego Bay and Pavilion Mall in Half Way Tree, Kingston. This brings to 15 the number of supermarkets in the chain.

Notwithstanding the losses in the Banking and Investment segment which resulted in an overall loss for the GK Investments division, other segments performed creditably. In the face of an overall reduction in remittances to Jamaica, the Money Services segment was able to achieve a 3% increase in revenue over the prior quarter and held profit steady. It has largely replaced the outlets lost as a result of the closure of some SuperPlus supermarket locations and has added outlets in other areas.

We continued to do well in the Insurance segment where we posted a 36% increase in pre-tax results on 9% higher revenue relative to the prior quarter. Allied Insurance Brokers won a major regional tender, while JIIC's Premier line of products, which were launched in the second quarter, are being well received by customers.

During the quarter, we divested our equity interests in Fidelity Motors Limited and Versair In-Flite Services (2006) Limited for a purchase price in excess of J$350 million, in keeping with our sharpened focus on core industries.

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 grow our businesses in response to our customers' needs.

Douglas R. Orane
Chairman & Chief Executive Officer

November 12, 2009

GraceKennedy Limited

CONSOLIDATED INCOME STATEMENT
QUARTER ENDED 30 SEPTEMBER 2009
(Unaudited)

	3 months to 30/09/2009 $'000	9 months to 30/09/2009 $'000	3 months to 30/09/2008 $'000	9 months to 30/09/2008 $'000
Revenue	13,911,305	43,415,296	12,829,195	40,159,106
Expenses	13,972,749	41,775,742	12,213,794	38,026,776
	(61,444)	1,639,554	615,401	2,132,330
Other income	499,546	1,247,187	210,255	582,003
Profit from Operations	438,102	2,886,741	825,656	2,714,333
Interest income – non-financial services	128,250	346,238	109,283	312,452
Interest expense – non-financial services	(181,778)	(477,036)	(133,890)	(423,101)
Share of results of associated companies	13,000	120,255	17,352	84,080
Profit before Taxation	397,574	2,876,198	818,401	2,687,764
Taxation	(119,272)	(862,859)	(261,888)	(860,084)
NET PROFIT FOR THE PERIOD	278,302	2,013,339	556,513	1,827,680
Profit attributable to:				
Owners of GraceKennedy Limited	212,751	1,821,856	513,121	1,675,046
Non-controlling interests	65,551	191,483	43,392	152,634
	278,302	2,013,339	556,513	1,827,680

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

Basic	$0.65	$5.53	$1.56	$5.10
Diluted	$0.64	$5.51	$1.55	$5.06

GraceKennedy Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTER ENDED 30 SEPTEMBER 2009
(Unaudited)

	3 months to 30/09/2009 $'000	9 months to 30/09/2009 $'000	3 months to 30/09/2008 $'000	9 months to 30/09/2008 $'000
Profit for the period	278,302	2,013,339	556,513	1,827,680
Other comprehensive income:				
Foreign currency translation adjustments	34,964	481,899	40,601	158,350
Fair value gains/(losses)	503,335	1,280,069	(390,460)	(787,850)
Revaluation gains/(losses)	-	(55,724)	-	141,300
Other comprehensive income for the period, net of tax	538,299	1,706,244	(349,859)	(488,200)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	816,601	3,719,583	206,654	1,339,480
Total comprehensive income attributable to:				
Owners of GraceKennedy Limited	747,488	3,494,799	162,857	1,181,118
Non-controlling interests	69,113	224,784	43,797	158,362
	816,601	3,719,583	206,654	1,339,480

GraceKennedy Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2009
(Unaudited)

	Period ended September 30 2009 $'000	Restated Year ended December 31 2008 $'000	Period ended September 30 2008 $'000
ASSETS			
Cash and deposits	8,501,590	7,698,399	7,133,795
Investment securities	46,135,150	46,359,556	43,169,434
Receivables	7,915,119	8,567,839	9,126,631
Inventories	5,014,616	5,582,398	5,137,622
Loans receivable	10,805,547	9,389,004	8,628,585
Taxation recoverable	772,566	652,278	493,990
Investments in associates	696,867	851,331	835,941
Intangible assets	2,690,767	2,486,997	2,487,027
Fixed assets	5,366,177	4,198,367	3,527,868
Deferred tax assets	1,272,975	967,864	371,617
Pension plan asset	7,341,019	7,165,149	7,067,689
Total Assets	96,512,393	93,919,182	87,980,199
LIABILITIES			
Deposits	11,842,330	13,942,768	15,362,446
Securities sold under agreements to repurchase	29,793,223	27,258,533	27,044,115
Bank and other loans	14,791,166	15,165,185	6,979,259
Payables	10,944,480	11,991,771	11,755,442
Taxation	659,282	278,098	263,658
Provisions	11,273	13,770	9,310
Deferred tax liabilities	2,171,419	2,036,831	2,104,019
Other post-employment obligations	1,925,164	1,659,160	1,544,801
Total Liabilities	72,138,337	72,346,116	65,063,050
EQUITY			
Capital & reserves attributable to the company's owners			
Share capital	554,367	553,879	542,834
Capital and fair value reserves	2,826,500	1,741,106	2,922,941
Retained earnings	16,621,344	14,827,191	15,075,584
Reserve funds	776,884	776,884	776,884
Other reserves	2,351,779	1,900,345	1,866,091
	23,130,874	19,799,405	21,184,334
Non-controlling interests	1,243,182	1,773,661	1,732,815
Total equity	24,374,056	21,573,066	22,917,149
Total Equity and Liabilities	96,512,393	93,919,182	87,980,199

Approved for issue by the Board of Directors on 12 November 2009 and signed on its behalf by:

Douglas Orane Chairman

Fay McIntosh Chief Financial Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTER ENDED 30 SEPTEMBER 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	-	-	(646,550)	1,675,046	-	152,622	1,181,118	158,362	1,339,480
Issue of shares	1,731	54,818	-	-	-	-	54,818	-	54,818
Issue of treasury shares	914	68,277	5,208	-	-	-	73,485	-	73,485
Employee share option scheme	-	-	-	-	-	759	759	-	759
Dividends paid	-	-	-	(164,363)	-	-	(164,363)	-	(164,363)
Balance at 30 September 2008	328,780	542,834	2,922,941	15,075,584	776,884	1,866,091	21,184,334	1,732,815	22,917,149
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	-	-	1,222,268	1,821,856	-	450,675	3,494,799	224,784	3,719,583
Issue of shares	11	488	-	-	-	-	488	-	488
Decrease in non-controlling interests	-	-	-	-	-	-	-	(277,377)	(277,377)
Transfers between reserves:	-	-	-	-	-	-	-	-	-
To capital reserves	-	-	18,657	(18,657)	-	-	-	-	-
To retained earnings -	-	-	(155,531)	155,531	-	-	-	-	-
Employee share option scheme	-	-	-	-	-	759	759	-	759
Dividends paid	-	-	-	(164,577)	-	-	(164,577)	-	(164,577)
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(477,886)	(477,886)
Balance at 30 September 2009	329,165	554,367	2,826,500	16,621,344	776,884	2,351,779	23,130,874	1,243,182	24,374,056

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
QUARTER ENDED 30 SEPTEMBER 2009
(Unaudited)

	30/09/2009 $'000	30/09/2008 $'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	2,013,339	1,827,680
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(2,638,712)	5,661,823
Cash (used in)/provided by operating activities	(625,373)	7,489,503
Cash used in financing activities	(1,817,014)	(2,618,714)
Cash provided by/(used in) investing activities	3,438,283	(4,864,950)
Increase in cash and cash equivalents	995,896	5,839
Cash and cash equivalents at beginning of year	6,404,256	6,251,787
Exchange and translation gains on net foreign cash balances	347,915	87,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,748,067	6,344,878

GraceKennedy Limited

FINANCIAL INFORMATION BY OPERATING SEGMENT
QUARTER ENDED 30 SEPTEMBER 2009
(Unaudited)

9 months to 30 September 2009	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	25,926,409	5,007,689	6,019,328	3,157,177	3,304,693	-	43,415,296
Inter-segment sales	158,224	3,078	119,765	316,466	-	(597,533)	-
Total Revenue	26,084,633	5,010,767	6,139,093	3,473,643	3,304,693	(597,533)	43,415,296
RESULT							
Segment Result	705,869	79,700	(82,380)	442,801	1,020,545	169,890	2,336,425
Unallocated income	-	-	-	-	-	550,316	550,316
Profit from operations	-	-	-	-	-	-	2,886,741
Finance income	18,758	21,610	69,235	42,178	57,031	137,426	346,238
Finance expense	(125,740)	(151,347)	(26,462)	(5,820)	(2,401)	(165,266)	(477,036)
Share of associates	73,058	8,951	41,959	(3,224)	(489)	-	120,255
Profit before Taxation	671,945	(41,086)	2,352	475,935	1,074,686	692,366	2,876,198
Taxation							(862,859)
Net Profit for the period							2,013,339
Attributable to:							
Owners of GraceKennedy Limited							1,821,856
Non-controlling interests							191,483
							2,013,339

9 months to 30 September 2008	Food Trading $'000	Retail & Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE							
External sales	24,210,928	5,987,525	4,447,470	2,784,616	2,728,567	-	40,159,106
Inter-segment sales	33,641	14,499	55,145	335,615	-	(438,900)	-
Total Revenue	24,244,569	6,002,024	4,502,615	3,120,231	2,728,567	(438,900)	40,159,106
RESULT							
Segment Result	600,911	136,534	586,194	233,518	687,553	63,120	2,307,830
Unallocated income	-	-	-	-	-	406,503	406,503
Profit from operations	-	-	-	-	-	-	2,714,333
Finance income	28,985	19,598	63,938	41,013	76,814	82,104	312,452
Finance expense	(172,884)	(78,827)	(22,857)	(95)	(2,126)	(146,312)	(423,101)
Share of associates	43,585	12,772	19,801	8,960	(1,038)	-	84,080
Profit before Taxation	500,597	90,077	647,076	283,396	761,203	405,415	2,687,764
Taxation							(860,084)
Net Profit for the period							1,827,680
Attributable to:							
Owners of GraceKennedy Limited							1,675,046
Non-controlling interests							152,634
							1,827,680

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED 30 SEPTEMBER 2009

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

	Basic	Diluted
Earnings per Stock Unit for profit attributable to owners of GraceKennedy Limited (expressed in $ per stock unit)		
EPS as previously reported	$6.98	$6.92
(Decrease) due to restatement	($1.89)	($1.86)
EPS as restated	$5.09	$5.06

	Note	December 2008 $'000	December 2008 $'000
Equity attributable to owners of GraceKennedy Limited as previously reported			20,416,515
(Decrease) in Investment securities	c)	(475,971)	
(Increase) in Bank and other loans	d)	(449,694)	
Increase in Deferred tax assets	b)	308,555	
(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) Reversal of unrealised fair value gains on U.S. Treasuries and trading losses not previously booked.

(d) Fair value losses recognised on loan commitments related to U.S. Treasuries.

For 2009, the effect of the trading losses on pre-tax profits is J$842 million, which is reflected on the "Expenses" line in the 3rd quarter results for the period ending September 30, 2009. This amount was incurred over the nine-month period 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 it is alleged that Paymaster holds under exclusive licence from the software developer. The matter arose when GKRS implemented the use of this software under an agreement with the developer. An injunction was obtained by Paymaster to prevent further use of the software by GKRS, until the matter has been decided in court.

During 2000, management 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 subsequently rescheduled to October 12-23, 2009. 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.