



GraceKennedy
Annual Report 2014

Winning Customers' Hearts and Minds...



H O N E S T Y I N T E G R I T R U S T

Winning Customers' Hearts and Minds...

TY

...Through Great People

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Five Year Financial Review

	'000	'000	'000	'000	'000
	2014	2013	2012*	2011*	2010
Number of Shares (including treasury shares)	331,223	333,659	335,319	332,330	331,711
Stockholders' Equity	36,533,101	32,765,684	30,702,837	28,601,255	26,697,805
Percentage increase over prior year	11%	7%	7%	7%	13%
Market Capitalisation	20,214,540	18,374,601	16,769,303	20,933,467	16,917,261
Total Borrowings	11,064,160	11,571,790	10,338,328	11,808,923	13,764,164

PROFIT AND LOSS ACCOUNT

Turnover	77,970,073	67,257,502	61,340,268	58,216,732	55,318,408
Percentage increase over prior year	15.9%	9.6%	5.4%	5.2%	-3.6%

Profit before Taxation	4,847,799	5,075,199	4,102,404	4,032,443	3,259,648
Percentage increase over prior year	-4.5%	23.7%	1.7%	23.7%	-10.8%

Profit after Taxation	3,799,127	3,794,064	3,786,332	2,992,473	2,396,256
Percentage increase over prior year	0.1%	0.2%	26.5%	24.9%	-12.0%

Net Profit Attributable to Stockholders	3,285,174	3,221,634	3,478,888	2,748,813	2,250,176
Percentage increase over prior year	2.0%	-7.4%	26.6%	22.2%	-12.6%

Net Dividend - Amount	770,239	727,660	665,937	494,874	445,007
Percentage increase over prior year	5.9%	9.3%	34.6%	11.2%	17.5%

IMPORTANT RATIOS

Return on Sales	4.2%	4.8%	5.7%	4.7%	4.1%
Debt to Equity Ratio	30.3%	35.3%	33.7%	41.3%	51.6%
Return on Equity	9.5%	10.2%	11.7%	9.9%	8.9%
Profit before Taxation/Sales	6.2%	7.5%	6.7%	6.9%	5.9%
Dividend Cover - times	4.27	4.43	5.22	5.55	5.06
Shareholders Equity per Stock Unit - JA\$	110.30	98.20	91.56	86.06	80.49
Earnings per Stock Unit - basic	9.90	9.66	10.42	8.33	6.83
Productivity per Employee - US\$'000	14.19	17.48	21.13	17.56	14.03
Number of Employees	2,080	1,827	1,850	1,823	1,841
Closing Stock Price - JSE :JA\$	61.03	55.07	50.01	62.99	51.00
Closing Stock Price - TTSE :TT\$	3.65	3.45	3.53	4.29	3.60
Price-Earnings Ratio	6.16	5.70	4.80	7.56	7.47

*Restated

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of GraceKennedy Limited will be held at 73 Harbour Street, Kingston, Jamaica on Wednesday, 27 May 2015 at 4:00 p.m. for the following purposes:-

1. To receive the Audited Group Accounts for the year ended 31 December 2014 and the Reports of the Directors and Auditors circulated herewith.

To consider and (if thought fit) pass the following resolution: -

Resolution No. 1

"THAT the Audited Group Accounts for the year ended 31 December 2014 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. To declare the interim dividends paid on 30 April 2014, 30 September 2014 and 16 December 2014 as final for the year under review.

To consider and (if thought fit) pass the following resolutions: -

Resolution No. 2

"THAT as recommended by the Directors, the interim dividends paid on 30 April 2014, 30 September 2014 and 16 December 2014 be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3. To elect Directors.

The Directors retiring from office by rotation pursuant to Article 102 of the Company's Articles of Incorporation are Messrs. Courtney Campbell, Joseph Esau, Frank James and Gordon Shirley who, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:-

Resolution No. 3 (a)

"THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc."

Resolution No. 3 (b)

"THAT Messrs. Courtney Campbell, Joseph Esau, Frank James and Gordon Shirley be and they are hereby re-elected Directors of the Company."

4. To fix the fees of the Directors.

To consider and (if thought fit) pass the following resolution:-

Resolution No. 4

"THAT the amount shown in the Accounts of the Company for the year ended 31 December 2014 as fees of the Directors for their services as Directors be and is hereby approved."

5. To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass the following resolution:

Resolution No. 5

"THAT PricewaterhouseCoopers, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."



By Order of the Board
Karen Chin Quee Akin (Mrs)
Corporate Secretary
Dated: 27 February 2015

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his/her stead. Such proxies need not be members of the Company. Instruments appointing proxies (a specimen of which is included at the back of the Company's Annual Report) must be deposited with the Corporate Secretary of the Company, at 73 Harbour Street, Kingston, Jamaica, not less than forty-eight (48) hours before the meeting.



SHAREHOLDERS' REPORT

In 2014, the GraceKennedy Group made significant investments towards the achievement of our Company's strategic objectives. We are also very excited about the prospects for 2015 and beyond, as the impact of 2014's investments continue to be realized.

Group revenues for 2014 were J\$77.97 billion, representing an increase of 15.9% or J\$10.71 billion over 2013 (J\$67.26 billion). Net profit attributable to the shareholders of the Company increased from J\$3.22 billion to J\$3.29 billion during 2014, representing a 2.0% increase compared to 2013. Earnings per share increased from J\$9.66 in 2013 to J\$9.90 in 2014.

Shareholders' equity increased by 11.5% or J\$3.77 billion moving from J\$32.77 billion in 2013 to J\$36.53 billion in 2014. In keeping with our Company's objective to improve shareholder returns, dividends totalling J\$2.33 per share were paid in 2014 compared to J\$2.18 in 2013, an increase of 6.9%. We returned a total of J\$916.12 million to our shareholders through a combination of dividends and stock repurchases. At the end of 2014, the GraceKennedy stock price closed at J\$61.03, a 10.8% increase over the prior year, while the Jamaica Stock Exchange Market Index declined 5.3% over the same period.

Total assets fell by 6.2% or J\$6.78 billion from J\$108.64 billion in 2013 to J\$101.86 billion in 2014, due primarily to the sale of our equity in First Global Financial Services Limited.

The major areas of focus for our Company during 2014 were: strengthening our Jamaican businesses, growing our international presence, specifically in Western Africa, Continental Europe and on both the East and West Coasts of North America, improving capital management, cost containment and continued attention and commitment to our customers and employees. These, along with the GraceKennedy Group's commitment to good corporate citizenship, drove our activities during 2014.

The Foods Division experienced several changes in both the Jamaican and international markets. We executed a major initiative to expand our USA business with the acquisition of the business and assets of La Fe Foods Inc. inclusive of top Hispanic Brand, La Fe. This acquisition represents a major step for us, and will be the platform for the growth of GraceKennedy's North American business going forward. We anticipate that our introduction into the Hispanic food and beverage market, one of the fastest growing segments in the food market in the United States, will be a significant opportunity for growth.

We integrated the La Fe brands into GraceKennedy Foods USA LLC, and started the self-distribution of Grace Brands in the North East USA, Florida and Atlanta. We will continue to distribute these brands to surrounding areas through a network of distributors.

Notwithstanding the continued depreciation of the Jamaican currency as well as changes in consumer demand as a result of decreased purchasing power, we were able to grow revenue in the Jamaican market. We saw positive signs in Grace Agro

Processors (GAP), part of our manufacturing arm in Jamaica, where pepper mash production increased significantly in 2014, enabling the production of supply for local demand and for export.

We commenced the renovation of our Hi-Lo supermarket chain in Jamaica, with the first completed location at Manor Park receiving overwhelmingly positive customer reviews. We are also pleased that our Grace Brand distribution volumes were enhanced by a continued flow of new products and the successful re-launch of some existing favourites.

Our Foods business in the United Kingdom recorded good growth in revenue, with strong profit growth over the prior year. There was also the expansion of Grace owned brands across the retailers in the markets within that region.

Our business in Africa also saw a major development, with the start of our distribution arm for our Grace and Grace owned brands in parts of West Africa. This led to the hiring of our first employees in that region.

The Financial Services Division experienced good growth in profits, driven by the strong performance of our Money Services and Insurance segments. There was, however, slower growth in revenue primarily attributable to the divestment of the First Global Financial Services business on May 30, 2014.

2014 revenues up 15.9%

The Insurance segment reported growth in both revenue and profit, mainly attributable to the improved underwriting performance of Jamaica International Insurance Company Ltd. In keeping with our goal of regional expansion for our Financial Services, in September 2014, GraceKennedy Financial Group Limited acquired an additional 50% of the shares in EC Global Insurance Company Limited, a St. Lucian

general insurance company, bringing GraceKennedy's shareholding to 80%.

First Global Bank reported increased revenue over the prior year driven by growth in its loan portfolio, resulting in higher net interest income as well as by growth in fee income. Pre-tax profits declined in comparison to 2013 mainly due to depreciation arising from the capitalization of a new banking platform, as well as higher staff costs and reduced trading gains. Significant investments were made by the Bank during the year to improve the service delivery channels, in order to offer more innovative banking solutions to our customers.

Following the divestment of our equity in First Global Financial Services Limited to Proven Investments Limited, GK Capital Management Limited ("GK Capital") was established in June 2014. GK Capital's lines of business include equity trading, corporate finance, mergers and acquisition activity and private equity.

Our Money Services arm, GraceKennedy Money Services (GKMS), reported growth in both revenue and profit for the year, primarily due to growth in transaction volumes in the Jamaica and Guyana markets. GKMS introduced 'CoinXchange' in August 2014 and GraceKennedy Payment Services (GKPS) received approval from the Bank of Jamaica in the third quarter of 2014 to proceed with a pilot introduction of a mobile money service.

GraceKennedy continued to contribute actively to the development of our communities through our GraceKennedy and Grace and Staff Foundations in the areas of education, sports, the environment, management and nutrition. We are very proud of our Foundations, which continue to positively impact the communities in which our companies are located.

It is with deep regret that we acknowledge the passing of Mr. G. Raymond Chang OJ, a Director of the GraceKennedy Board and a member of the Audit Committee on July 27, 2014. He was not only an accomplished businessman, but was also well-known for his philanthropy in Jamaica and Canada. We wish to recognize his significant and longstanding contribution to the growth and development of our Company.

The Company also mourned the passing of former GraceKennedy Director and retired GraceKennedy Executive, Francis 'Paco' Kennedy CD, who died on October 26, 2014. His legacy lives on at GraceKennedy.

GraceKennedy's commitment to excellence was recognized when our Company earned two prestigious awards from Jamaica's Gleaner Company. We received the Gleaner 2014 (overall) Honouree of the Year Award, as well as the Gleaner Honour Award for Business for GraceKennedy's "immeasurable contribution to Jamaica's economy and its people." The Company also won the Best Practice award for Corporate Disclosure and Investor Relations from the Jamaica Stock Exchange.

GraceKennedy is positively poised to take on 2015 and has launched as our theme for the year "winning customers' hearts and minds through great people". We are focused on consumer centricity and winning and maintaining our customer base in Jamaica and across the world. We also aim to get closer to our customers and consumers across our various markets and to serve them better. We have every confidence in our excellent team, and firmly believe that we have the right infrastructure, the appropriate risk mitigation and the strategies in place to achieve our goals.

As we celebrate our 93rd anniversary in 2015, we are thankful for our successes and move forward to achieve even more guided by the values of HONESTY, INTEGRITY and TRUST. As always, we thank you, our shareholders, for your confidence and support. We anticipate that you will continue to support us as we work to take on any challenges which may arise on our way to becoming the Global Consumer Group that we all envision. We are thankful to our Directors and employees for their dedication and commitment. To our consumers and customers, thank you for your loyal support.



Gordon V. Shirley, OJ
Chairman

March 2, 2015



Donald G. Wehby
Group Chief Executive Officer

MD&A

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2012

2013

2014

2015

2020

Performance Driven Organisation

- Accountability and Execution culture
- Align all employees with the Strategy and Vision
- Build international expertise
- Reward system aligned with strategy & performance
- Develop effective leaders and staff at all levels
- Do things right the first time, on time, within budget

Jamaican Trading Group

Consumer Centricity & Innovation

- Develop global market research capabilities
- Design solutions rooted in consumer needs, attitudes, and behaviours
- Seek cross-product synergies and technological solutions
- Ensure high levels of consumer satisfaction

Growth & Sustainability

- Grow GraceKennedy owned brands
- Grow our international Food Business
- Develop strategic partnerships
- Mobilise financial resources
- Grow domestic & regional Financial & Money Services

Operational Excellence

- Strengthen M&A capabilities and resources
- Leverage IT platforms and improve efficiency
- Manage capital effectively
- Enhance Risk Management and internal controls
- Optimise Group structure
- Targeting International benchmarking for operational excellence

Globally Rationalise Operations

- Optimal platforms

Global Consumer Group

Caribbean Financial Services Group

Rebalance Jamaica versus International

- Internationalise systems
- Significant staff rotation

Management Discussion & Analysis (MD&A)

Disclosure

The management of GraceKennedy is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis (MD&A). The information presented herein has been reviewed by the Group's Audit Committee on behalf of the Board. Management believes that this information represents an objective review of the Group's past performance and future prospects.

Who We Are

GraceKennedy Limited is a publicly listed company on the Jamaica and Trinidad & Tobago Stock Exchanges. The company was founded on February 14, 1922, and is the parent company of a Group of subsidiaries operating mainly in the food and financial services industries. The Group's operations are structured as follows:

- **GraceKennedy Foods (GK Foods):** This comprises the business of food manufacturing through our own factories as well as through external suppliers, the distribution of Grace and Grace owned brands in Jamaica and internationally, and the operation of retail outlets through our Hi-Lo Supermarket chain in Jamaica. The Group also manufactures and distributes third party brands in Jamaica and internationally. GK Foods operates primarily in Jamaica, the Caribbean, Central America, North America, Europe and Africa.
- **GraceKennedy Financial Group (GKFG):** This comprises our commercial banking, general insurance, insurance brokerage, investment banking, remittance, cambio and payment services businesses. GKFG presently operates within the English-speaking Caribbean.

- **Hardware & Lumber Limited (H&L):** This is a publicly listed subsidiary on the Jamaica Stock Exchange engaged in the retailing and wholesaling of building materials, home improvement supplies, household items and agricultural products. H&L operates within Jamaica with 10 Rapid True Value locations and six Agro Grace Retail Centres located island wide.

Our Vision

Our Vision is "To be a Global Consumer Group delivering long term consumer and shareholder value, through brand building and innovative solutions in food and financial services, provided by highly skilled and motivated people."

Our Vision embodies the focus of GraceKennedy's team, grounded in our firm commitment to our stakeholders:

- Our staff: We will promote teamwork, mutual respect, care, open communication, empowerment and accountability.
- Our customers and consumers: We will maintain high product and service standards as we honour our commitments.
- Our shareholders: We will provide our shareholders with competitive rates of return over the medium to long term.
- Our communities: We will be a socially responsible, caring and environmentally conscious corporate citizen.
- Our creed: We will operate with honesty, integrity and trust.

Our Mission

Our Mission is "To take the taste of Jamaican and other Caribbean foods to the world and world-class financial services to our region."

Performance Measurement

Our Executive Committee utilises the Balanced Scorecard Tool to evaluate and monitor Group performance. The Balanced Scorecard as applied in GraceKennedy, focuses on Financial, Customer, Internal Processes and Learning and Growth objectives.

- **Financial:** The focus of this aspect of our scorecard is to maximise shareholder value. The key metrics evaluated are "return on equity" and "productivity per employee". The medium to long term vision for the Group involves improving productivity levels and providing investors with a competitive return on equity.
- **Consumer:** Critical to our strategy is our customer and consumer focus which is central to the delivery of our products and services. The Group therefore monitors customer experience and service levels to ensure that we anticipate the needs of our customers and consumers, delighting them in all segments of our business.
- **Internal Processes:** The focus of this aspect of our scorecard is building brand awareness and strengthening risk management within the Group.
- **Learning and Growth:** Our team is critical to our success. This segment of the balanced scorecard monitors the relationship with our team. We therefore monitor retention and development of the team as well as staff satisfaction. An employee satisfaction survey is done every two years to monitor staff satisfaction and engagement.

Key Expectations for 2014 – How We Did

We indicated our key expectations for 2014 in 2013's Annual Report and we are pleased to indicate that our expectations were largely met. See a summary of our performance below.

2014 Report Card

Goals	Status
Reallocation of capital to ensure maximum return to all stakeholders	GraceKennedy sold its 100% holding in First Global Financial Services Limited (FGFS), reallocating capital within the Group for greater return, particularly through investments in the Banking and Insurance segments
Improved performance by our Jamaican Food business	Our business in Jamaica had improved revenue performance. However, profits declined as expenses were impacted by our investments in the areas of marketing and Global Category Management which we expect will improve the performance of the Jamaican Food businesses. The depreciation of the Jamaican dollar resulted in a decline in margins, which also contributed to the lower profit performance.
Growth of our International Foods business	The acquisition of La Fe Foods a Hispanic brand and our African expansion were the major milestones in achieving this goal. In addition our European and Canadian businesses continue to solidify their market position.
Product development and enhanced customer experience within GraceKennedy Financial Services	This goal was achieved through GraceKennedy Money Services' (GKMS) 'CoinXchange' and the piloting of three innovations namely, Jamaica International Insurance Company's (JIIC) online insurance portal, GraceKennedy Money Services 'Mobile Money', our mobile wallet solution and GraceKennedy Value Rewards (GKVR), our loyalty program.
Improvement in operating efficiency	Our operating efficiency declined by 1.2 percentage points, moving from 7.5% in 2013 to 6.3% in 2014. This is the ratio of profit from operations to sales. Non-recurring items associated with the La Fe acquisition and increases in other expenses such as marketing contributed to the decline.

Financial Performance

Revenue grew by 15.9% to total \$77.97 billion for the year. Pre-tax profits declined by 4.5% mainly due to acquisition, start up and transition costs associated with GraceKennedy Foods (USA) LLC (this company was formed for the acquisition of La Fe Foods). Net profit however marginally increased from \$3.79 billion to \$3.80 billion in 2014 mainly due to a decrease in the effective tax rate during 2014. The company benefited from the Employment Tax Credit introduced in Jamaica during 2014 and lower tax rates in countries outside Jamaica. Non-controlling interest for the year declined by 10.2%, representing a change from \$572 million in 2013 to \$514 million in 2014, while profit attributable to shareholders increased from \$3.22 billion to \$3.29 billion in 2014, representing a 2.0% increase.

Total assets declined by 6.2% or \$6.78 billion, moving from \$108.64 billion in 2013 to \$101.86 billion in 2014. This was due mainly to the sale of our equity in First Global Financial Services Limited (FGFS). These assets were financed by liabilities of \$63.61 billion and capital of \$38.24 billion. During the year, the Group's liabilities decreased by 14.5% while the capital base increased by 11.7%. Capital comprises shareholders' equity of \$36.53 billion and non-controlling interest of \$1.71 billion. Return on equity for 2014 was 9.5% compared with 10.2% for 2013, while earnings per share increased from \$9.66 to \$9.90.

How We Earned

The Group's revenue growth was mainly driven by the Food Trading Division, which increased its revenue by 22.3%. This division was followed by Money Services and Retail and Trading. Money Services reported a revenue increase of 16.3%, while Retail and Trading recorded an increase of 4.8%. All divisions, with the exception of Banking and Investments reported growth in revenue. The decreased revenue in the Banking and Investments division was mainly due to the sale of our equity in First Global Financial Services. It is important to note that First Global Bank Limited grew revenues driven by increased loan growth and fee income.

Total expenses increased by 17.2% from \$63.91 billion in 2013 to \$74.88 billion in 2014. The significant contributors to the increase in expenses were marketing (up by 22%), legal, professional & other fees (up by 57.4% due to acquisition of La Fe) and amortization of intangibles (up by 34.0%). The Group's cost associated with the acquisition of La Fe Foods and EC Global Insurance amounted to \$276 million and this contributed to the rise in administrative expenses.

Other income increased by 6.5% during the year, largely attributable to increases in fees and commissions, interest income and rebates.

The Group's net profit was represented by non-controlling interest of \$513.95 million and profit attributable to shareholders of \$3.29 billion. This outcome is mainly attributable to the performance of our GraceKennedy Money Services Caribbean subsidiary.

Balance Sheet Review

During 2014, the Group's asset base fell by \$6.7 billion, moving from \$108.6 billion in 2013 to \$101.9 billion in 2014. The 6.2% decrease was mainly attributable to pledged assets being less than 2013 by 65.2% as a result of the sale of First Global Financial Services Limited (FGFS). This decline was offset by increases in inventory, intangible assets and fixed assets. These increases were associated with the acquisitions made. There was also an increase in loans receivable as a result of growth in First Global Bank's (FGB) loan portfolio.

The Group decreased its use of debt in 2014, resulting in a debt to equity ratio of 30.3% compared to 35.3% in 2013. Bank and other loans decreased by 4.4% to total \$11.1 billion while deposits grew by 19.3% to total \$21.2 billion. This growth in deposits is in line with First Global Bank's strategy to grow its deposit base.

The Group's equity base increased by 11.5% during the year to total \$36.5 billion in 2014, compared to \$32.8 billion in 2013. The capital growth for the Group in 2014 was mainly driven by an increase in retained earnings of 11.3%. Non-controlling interest also increased by 16.6% to total \$1.7 billion in 2014.

Shareholder Return

GraceKennedy's stock price recorded a 10.8% increase on the Jamaica Stock Exchange during

2014, opening at \$55.07, and closing the year at \$61.03. The Group increased its dividend payment during the period by 6% or \$42.6 million to total \$770.2 million, resulting in a dividend yield of 4%. The Group continued its share repurchase programme in 2014 returning \$145.878 million to shareholders from the purchase of 2.45 million shares. This brings the total shares repurchased since the programme commenced in 2013 to 4.12 million. The Board approved the repurchase of up to 2.5% of the shares outstanding or approximately 8.38 million shares. The share repurchase programme also contributed to the increase in earnings per share.

The stock as at December 31, 2014 traded at a price earnings multiple of 6.16 times on the Jamaica Stock Exchange, an increase over the 2013 multiple of 5.7. The stock as at December 31, 2014 traded at 55% of its book value per share of \$110.38, compared to a price to book ratio of 56% in 2013.

22.3%

Growth in Group's Food Trading Division

Segment Analysis

The performance of our segments reflected mixed results, with an increase in revenues in all segments except Banking and Investments. The decline in that segment was attributable to the sale of First Global Financial Services during the year. Our Insurance and Money Services segments showed increased profits over the previous year.

Money Services, our remittance, cambio and bill payment business, performed very well, and remains dominant in its markets. The performance of the Insurance segment reflects the improvement in underwriting performance driven by an improved loss ratio. The Food Trading Division had a decline in profits due to the decline in profitability of the business in Jamaica and the United States of America. This performance reflects significant investments in positioning these entities for longer term growth, including integration and transition costs in the US business and brand building initiatives. The Banking and Investments segment decline was as a result of staff costs and depreciation associated with our new banking software as well as reduced trading gains.

The GraceKennedy Group earns in two major categories: Foods and Financial Services. The Foods segment generated the larger share of revenue, accounting for 70%, compared to 66% in 2013. Profit before tax was earned in the following proportions:

- GraceKennedy Financial Group : 64%, up from 54% in 2013
- GK Foods: 18%, down from 23% in 2013
- Hardware and Lumber: 6%, down from 7% in 2013
- Corporate and other: 12% down from 16% in 2013

Hardware & Lumber Limited

For the year ending December 31, 2014, Hardware & Lumber (H&L) increased its revenue by 5%, to total \$7.1 billion for the year. Profit before tax declined by 68.2% to total \$259.4 million for the period. However, given the one off pension adjustment in 2013, the normalised change was a decline of 17.7%.

Revenue is derived from two operating segments namely Retail, Household and Hardware (Rapid True Value) and Agriculture Operations (Agro Grace). Rapid True Value's revenue increased by 6% to total \$5.3 billion, while Agro Grace had a 2% increase to total \$1.8 billion.

Hardware & Lumber's share price recorded a 30.2% increase on the Jamaica Stock Exchange for the year 2014, opening at \$6.10 and closing at \$7.94. The company paid dividends of 0.32 cents per share for 2014 compared to dividends of 0.30 cents per share for 2013.

GK Foods

2014 was a historic year for the Foods division as we expanded our presence in North America and Africa significantly and also saw increased market penetration across Europe. It also represented a watershed year, with revenues outside Jamaica providing a greater share of the division's revenue. The strategic direction of the division is evident by the strides made and goals achieved.

2014 Report Card

Goals	Status
Expansion in North America	We laid a solid foundation for further expansion in North America through the acquisition of USA based Hispanic Foods company, La Fe. We also had increased listings on the West Coast. We are encouraged by the growth being experienced in the United States of America.
Implementation of Global Category Management	Global Category Management has been rolled out and the implementation thus far has been satisfactory.
Growth in our African business	Africa is growing at a significant rate, and we continue to invest in this market, with the expectation of continued growth in coming years.
Increased penetration in Continental Europe	We had impressive growth in Europe, buoyed by increased listings across Continental Europe and the strong performance of our Grace brand - specifically our beverages - in the United Kingdom.
Strengthening of our Jamaican businesses	The performance in Jamaica was satisfactory given the challenges. While revenue increased, profits declined because of reduced margins partially associated with the depreciation of the Jamaican currency. We have made significant investments during 2014 which we expect to begin yielding returns in 2015.

2015 Goals

We are pleased with the direction of our Foods Division. In 2015, our main focus will be on five strategic drivers, namely:

1. The growth of market share profitably for our Jamaican business and the efficiency of all our manufacturing plants
2. The integration and strengthening of our new distribution business in North America
3. The building out of our African business to be a substantial contributor to the Division
4. The increased penetration across Europe with increased listings and new products
5. The further growth and development of effective and efficient Global Category Management

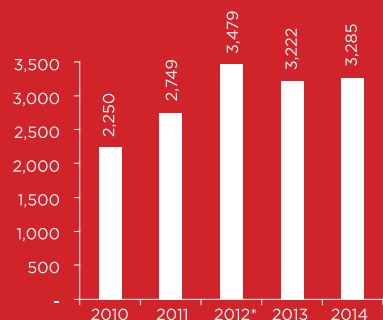
“2014 was a historic year for the Foods Division as we expanded our presence in North America and Africa, and also saw increased penetration across Europe”

Global Category Management Unit (GCMU)

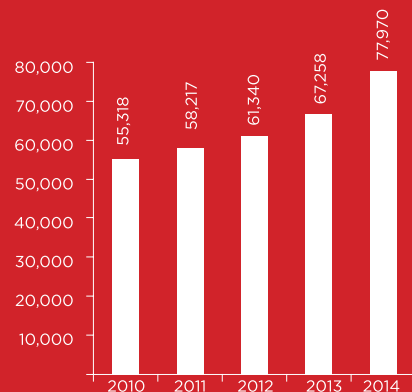
The Global Category Management Unit (GCMU) was formed to develop and implement cohesive global brand strategies to drive growth for Grace and Grace owned brands. This entails product innovation, supply chain management and management of our products globally, under the following categories:

- Beverages
- Fish and meats
- Sauces, Spices and Seasonings
- General Grocery

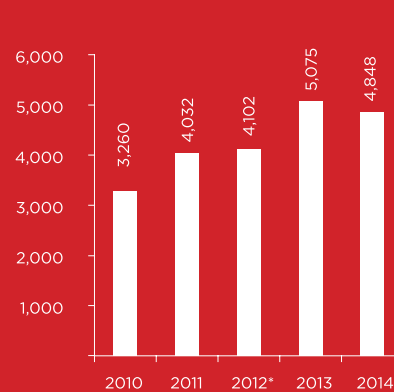
Net Profit Attributable to Stockholders (JA\$ Millions)



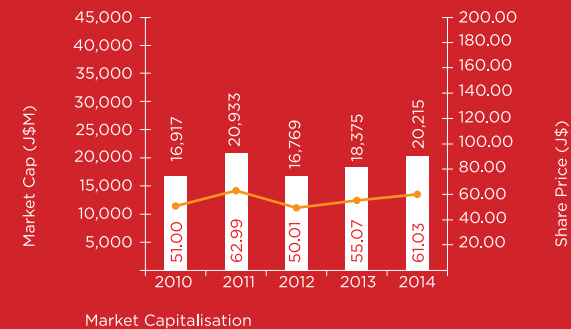
Revenue (JA\$ Millions)



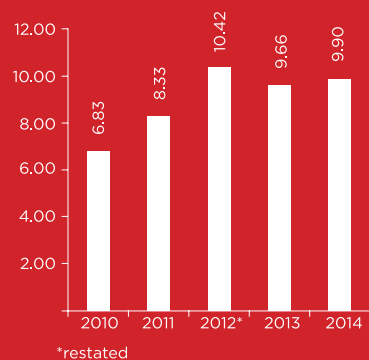
Profit Before Tax (JA\$ Millions)



*restated

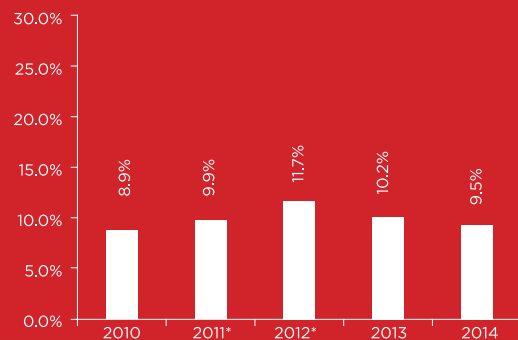


Earning Per Stock

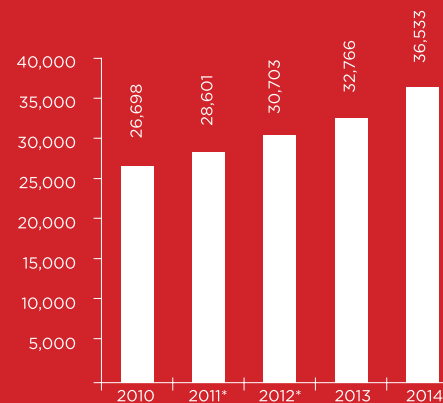


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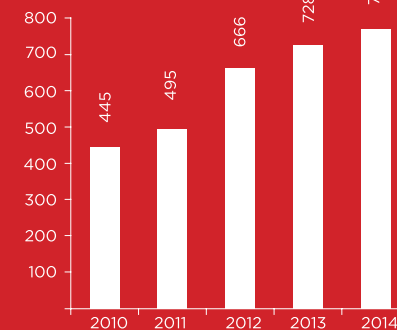
Return on Equity



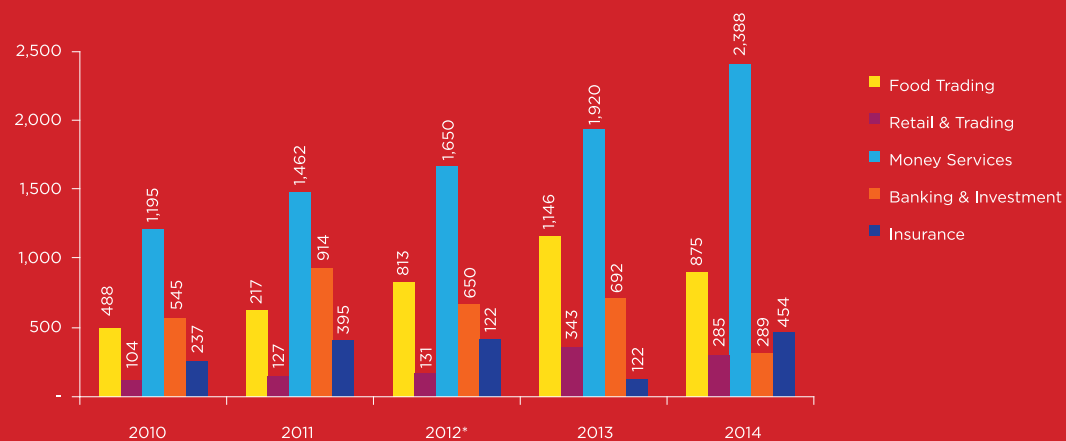
Shareholders' Equity (JA\$ Millions)



Dividend (JA \$ Millions)

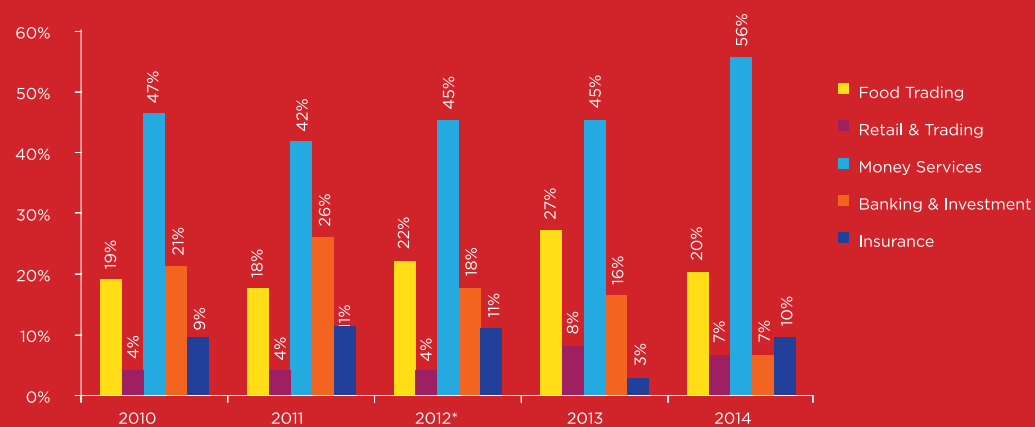


Contribution to Pre-Tax Profit by Segment (JA\$ Millions)



Contribution to Pre-Tax Profit by Segment (%)

Contribution to Pre-Tax Profit by Segment (%)





Jamaica

We currently operate in the Jamaican market through Hi-Lo Food Stores, Grace Foods & Services and World Brands Services Limited. These retail and distribution arms are supported by our manufacturing plants and logistics centre. In 2014, our operations in this market were impacted by the spending constraints of our consumers as well as the impact of external factors on our input costs. The economic environment in Jamaica was characterised by low inflation, slow growth and devaluation in the Jamaican dollar of 8% against the US dollar. These factors, in addition to more cautious consumer spending, resulted in the Jamaican market growing by 7%. However, given our decision to reinvest in our brands and improve our efficiency to drive growth, our profits declined. The decisions made in 2014 are expected to result in a more robust and profitable domestic business for the medium term.

40%

Growth in International Foods Revenue

We invested in Hi-Lo as a means of upgrading the overall customer experience throughout the Foods Stores. The Manor Park store was the first in the chain to be renovated, and since its relaunch both customer reviews and sales performance have been very encouraging. In 2015 we will continue

the upgrading, along with operational initiatives, to improve the overall performance of Hi-Lo.

Our Agro Processing business had significant success, increasing the output of our pepper mash by 80% for 2014. This product is now exported to several markets including St. Lucia, the United Kingdom and Sweden.

The emphasis on efficiency and output for our local manufacturing plants has resulted in increased utilisation of our factories, particularly Grace Food Processors Canning and Dairy Industries. We have received additional private label and co-packing business and we continue to engage in efforts to strengthen our manufacturing capabilities and efficiency.

Innovation continued to drive growth in the Jamaican market. The yogurt category grew and there were successful launches of the Lishous Drink and our purified water. The response has been favourable thus far.

Our volumes have benefited from the continued focus on innovation, and we fully recognise that this is necessary to ensure we are satisfying the needs of our consumers.

International Market

GK Foods Revenue J\$ Millions	2013	2014	Change
Europe	10,957	14,016	28%
USA	3,211	7,575	136%
Canada	3,697	4,130	12%
Caribbean and Other	2,555	2,947	15%
Africa	79	183	132%

In line with our strategic plan, our international markets delivered strong revenue growth. We continue to work towards our objective of being a Global Consumer Group through international expansion and further development of markets in Africa, North, Central and South America, the United Kingdom, Europe and Africa. Revenue outside of Jamaica grew by 40% or \$8.4 billion with the USA market representing 52% of the change. The growth in the USA was largely driven by the recent acquisition of La Fe Foods. Organic growth was significant, with Europe growing at a healthy rate of 28% and Canada having a strong year, growing by 12%. The Caribbean market remains a strong contributor to our sales with growth of 15% for the year. The performance of our international market is heartening and we remain committed to strong brand growth whilst maintaining our focus on operational efficiency.

In Europe, we received the Supply Chain Excellence Award from Tesco. This award is as a result of our continued focus on satisfying our customers. We continued to grow in the United Kingdom through established chains/multiples such as ASDA, Sainsbury and Waitrose. We have seen steady growth in the Netherlands through increased listings there. In Canada, growth was driven by the coconut category and our new thrust in Western Canada. By all indications, we expect this expansion to produce strong results for our Canadian entity and ultimately for the Group. In Africa, we strengthened our presence with the appointment of a General Manager and other attendant positions. Market acceptance continues to be strong with the business now representing \$180 million in revenue.

GK Financial Group

GraceKennedy Financial Group (GKFG) during 2014 experienced mixed results; it was also a year of strategic changes which adjusted the structure of the Division. Pre-tax profits increased by 14.5%, moving from \$2.7 billion in 2013 to \$3.1 billion in 2014. This increase in profits was driven by the strong performance of both the Insurance and Money Services segments. Revenue growth was slower reporting a marginal increase of 2.1% over 2013. This was mainly attributable to the sale of First Global Financial Services during the year.

2014 Report Card

Goals	Status
Expansion of our underwriting business	This goal was achieved through the acquisition of additional shares in EC Global Insurance Limited in St Lucia. This has expanded our presence in the Eastern Caribbean.
Product Innovation	We continue to develop products to meet our customers' needs. The launch of JIIC online is an example of one such innovation, and the feedback from customers has been very positive. Other examples are GKMS' 'CoinXchange' and 'Mobile Money' solutions.
Increased penetration of our Remittance business	We have continued the expansion of our Remittance business to countries outside of Jamaica, with our most recent location being The British Virgin Islands
Leveraging the use of technology	We have seen where the use of new and emerging technology has improved our processes, as well as our product offerings to our customers

Banking and Investments

First Global Bank Limited (FGB) reported increased revenue in 2014 compared to 2013, mainly attributable to growth in its loan portfolio, resulting in higher net interest income and as well as growth in fee income. FGB however reported lower pre-tax profits in comparison to 2013 primarily due to higher staff costs, reduced trading gains and depreciation arising from the capitalization of a new banking platform.

The implementation of our new banking platform was not without significant challenges. These challenges continue to be addressed and we are committed to ongoing improvements in performance.

Following the divestment of our equity in First Global Financial Services Ltd to Proven Investments Limited, GK Capital Management Limited ("GK Capital") was established in June 2014. GK Capital's lines of business include equity trading, corporate finance, mergers and acquisition activity and private equity.

Insurance

The Insurance segment reported growth in both revenue (up 1.6%) and pre-tax profits (up 272.0%), mainly attributable to the improved underwriting performance of Jamaica International Insurance Company Ltd (JIIC). During the year, JIIC launched a pilot of JIIC Online Insurance, which will enable existing and potential customers to insure their vehicles online.

In keeping with our goal of regional expansion for our Financial Services, in September 2014, GraceKennedy Financial Group Limited acquired an additional 50% of the shares in EC Global Insurance Company Ltd, a St. Lucian General Insurance Company, bringing GraceKennedy's shareholding to 80%.

Allied Insurance Brokers had a challenging year, with revenues declining 2%.

Money Services

GraceKennedy Money Services (GKMS) retained its dominant position in the remittance market, with both revenues and pre-tax profits surpassing those of 2013. Revenues increased by 16.3% to total \$6.4 billion and pre-tax profits increased by 24.4%. GKMS recorded growth in transaction volumes in Jamaica and Guyana.

In August 2014, GKMS introduced 'CoinXchange', a hassle free service for exchanging coins for notes via machines. GraceKennedy Payment Services (GKPS) received approval from the Bank of Jamaica in the third quarter of 2014 to proceed with a pilot introduction of a mobile money service, which will facilitate the movement of money in the form of electronic payments for remittances, business to consumer transfers, bill payments, mobile top up and peer-to-peer transfers. We expect to officially launch this product in 2015.

GKMS remains committed to fulfilling its regulatory requirements and the issue of compliance remains at the forefront of our business. We continue to ensure a safe and transparent environment for our money service operations, especially as it concerns remittances. We remain committed to offering innovative service delivery channels to our customers.

2015 Goals for GK Financial Group

The major goals for 2015 are:

- The successful roll out of product innovations with special emphasis on 'Mobile Money'
- The increased penetration of our Insurance businesses across the Caribbean
- Continued use of technology to drive operational efficiency
- The strengthening and growth of our Banking business
- The introduction of innovative digital products in our Money Services business

Where We Earn

Revenue by Geographical Area (J\$ Millions)	2010	2011	2012	2013	2014
Jamaica	37,396	38,880	40,599	43,041	44,628
Europe	7,994	8,973	9,331	11,165	14,282
North America	6,409	7,096	7,793	9,042	14,205
Caribbean and Other	3,510	3,255	3,576	3,931	4,673
Africa	9	12	41	79	183
Total	55,318	58,217	61,340	67,258	77,970

One of the key strategic drivers of the GraceKennedy Group is the internationalization of our business. This means achieving at least 15% of our revenue from each of three different continents or regions namely North America, Europe (including the United Kingdom) and Africa. The acquisition of La Fe Foods in the United States has taken us closer to our goal, with North America now representing 18.2% of our revenue. Europe remains slightly ahead with 18.3% of sales. Africa continued its exponential growth to represent 0.2% of sales or \$182.9 million. Revenue outside of Jamaica represented 43% of revenue compared to 36% in 2013. GK Foods accounted for 86.5% of revenues outside Jamaica.

All markets recorded stronger growth in 2014 resulting in overall growth of 15.9%. This was driven by a 57% (16% - 2013) growth in North America and growth of 28% (20% - 2013) in Europe. The growth in North America was driven largely by our La Fe Foods acquisition as well as strong growth in Canada, which grew by 13% over 2013. Europe was driven by continued growth in the United Kingdom of 27%, supported by 38% growth across the rest of Europe.

The Caribbean market recorded 20% growth in revenue compared to 10% in 2013. Jamaica recorded growth of 4% in 2014, which is a satisfactory performance given the environment and the divestment of FGFS.

Our Team

The year 2014 entailed some historical milestones towards becoming a Global Consumer Group. Our employee cultural mix has expanded beyond English speaking team members, with the acquisition of La Fe Foods Inc. and the increase in staff complement in one of our most recently formed companies, GraceKennedy Ghana Ltd.

Prior to the acquisition in the UK and the USA along with our West Africa expansion, our employees outside of Jamaica represented approximately 10% of the total staff complement. Today, our employee count outside of Jamaica represents approximately 32% of our total staff complement.

Employee Engagement

Through feedback garnered from an employee survey, we enhanced employee centricity by launching the inaugural worldwide annual GK Employee Appreciation Week. To show the team how much we value their efforts, we launched our Employee Value Proposition (EVP), a tool which seeks to reward and recognise talent and to increase job satisfaction. The EVP will continue all year round, and will be coupled with the annual Employee Appreciation Week, to ensure that our team remains engaged and motivated.

Talent & Global Mobility Management

Our expansion mode provided opportunities for overseas projects, rotations and assignments in the Caribbean, Ghana, Canada and our newly acquired company in North America. In addition, it gave rise to a series of Business/Functional Head appointments, including, in our Foods Division, Ryan Mack as Deputy CEO of GraceKennedy Foods Division, and Andrea Coy as Senior General Manager of our Global Category Management Unit, with responsibility for Hi-Lo Food Stores and World Brands Services Limited. Andrea was succeeded by Donna Doran as CEO of Hardware & Lumber. In our Financial Division, Andrew Leo-Rhynie was appointed as General Manager of JIIC; Marlon Graham as General Manager of First Global Insurance Brokers (Turks & Caicos), to support Grace Burnett as Managing Director of JIIC along with her appointment as CEO of the Insurance segment; Andrew Wildish as General Manager of National Processors and Simon Roberts as Group Chief Information Officer.





These appointments were effected through the combination of Executive Succession Planning and recruitment and have also served to strengthen our talent for regional expansion in our Insurance segment. Two of the appointees are recent graduates of the GK Senior Leadership Development Programme.

Twenty-five (25) persons completed the Supervisory Development Programme, at a success rate of 96% based largely on project implementation. Some of the projects focused on relevant and current areas such as Energy Conservation and Process Improvement, which the company is seeking to implement as a part of the drive towards improving operating efficiencies.

The Inaugural Internal Audit Rotation & Exchange Programme went well for the reporting year. We had an inbound candidate to Group Internal Audit from the operations in the Financial Group and an outbound candidate who was placed in the GK Foods Division.

At the end of the rotation, both candidates were permanently placed in these areas, including the overseas assignment of the Internal Audit candidate to our newly acquired company in the USA.

The second cohort of the GK Internship Programme placed graduates at Allied Insurance, JIIC, First Global Bank, GK Foundation and our Customer Loyalty Unit.

We welcome our new family members from La Fe and GraceKennedy Ghana Limited!

Damos la bienvenida a nuestros nuevos miembros de la familia de La Fe y GraceKennedy Ghana Limited!

Corporate Social Responsibility

GraceKennedy's mantra "We Care" symbolizes who we are as a corporate entity. This sentiment continues to be reflected in our corporate activities and our strong community involvement. Through our Foundations and corporate social responsibility initiatives, we seek to improve and enhance the lives of the individuals with whom

Championship – the only High School event of its kind in the world. We are also the title sponsors of the Grace Shield which is the annual cricket competition among High Schools in Jamaica.

We are also very proud of our GraceKennedy Brand Ambassadors, two of whom got their start through the Boys' and Girls' Championships. This confirms for us that our support is important to the development of our youth. Olympians Shelly-Ann Fraser-Pryce, Hansle Parchment and Alia Atkinson, (GKMS' Ambassador), fly our company's flag high wherever in the world they go, reflecting

our values of honesty, integrity and trust.

GraceKennedy Foundation

The GraceKennedy Foundation in Jamaica played an active role in meeting some of the social and economic needs of our country primarily through its educational and environmental programmes. Nineteen grants were awarded to organisations that focus on early childhood education, special needs,

and community development. At the tertiary level, our scholarship and bursary programme continued to face pressure from the increasing cost of education and the rising number of qualified students experiencing financial need. In spite of this, we were able to assist a number of outstanding students in the fields of engineering, law, medicine, business and the performing arts.

The annual lecture, entitled "From Piracy to Transshipment: Jamaica's Journey to Becoming a Global Logistics Hub" was co-authored by Drs Fritz Pinnock and Ibrahim Ajagunna.

“GraceKennedy’s mantra
“We Care” symbolizes
who we are as a corporate
entity”

we interact in locations where our companies operate. We are also firmly committed to sports, youth development, nation building, education, the environment and social intervention.

Sports

GraceKennedy continues to contribute to the development of sports in Jamaica in two main areas: Track and Field and Cricket. We value very highly our relationship with Jamaica's Inter-Secondary Schools Sports Association (ISSA), mainly through our title sponsorship of the annual ISSA/GraceKennedy Boys' and Girls' Athletics

The lecture reviewed the history of logistics hubs, the development of transshipment in the Caribbean and examined the opportunities and challenges of establishing a global logistics hub in Jamaica. For the first time, the lecture was streamed live via YouTube.

Our relationship with the University of the West Indies, Mona Campus (Jamaica), has been fortified through the funding of two professorial Chairs. Professors Ian Boxill, the S. Carlton Alexander Chair in Management, and Dale Webber, the James S. Moss-Solomon Snr. Chair in Environmental Management, must be commended for their continued outstanding research and thought leadership within their fields of expertise.

Staff engagement continued to grow in 2014. GraceKennedy employees in Jamaica partnered with the Foundation on a number of initiatives which included donating used phones to the Secondary Transitional Education Program (STEP) Centre's phone recycling drive and books for the South Camp Juvenile Correctional Centre Library which was refurbished with a grant from the Foundation. The GraceKennedy Environmental Programme was launched in 2014 in partnership with the UWI Plastic Bottle Recycling Programme, which is headed by Prof. Dale Webber.

Grace and Staff Community Development Foundation

During the year the demands for services offered by the Grace and Staff Foundation in Jamaica grew extensively. We approached the final phase of the USAID Partnership, improved our education programme and maintained our community relationships.

Following technical upgrades the registration at our Homework Centres increased by over 75%. The

Spanish Town Centre registered 120 students, 73 of whom were new. The Learning Institute of Central Kingston (LICK) had 120 students, 42 attended the Centre in Majesty Gardens and 37 attended the Centre in Barbican. The new and improved equipment, which includes new computers and interactive teaching/learning aids, also served the wider community who benefited from utilizing online facilities to complete job applications, access government services and explore various opportunities.

Fifty-four unattached youth were enrolled at the HEART Academy under the final phase of the

education initiatives of the Foundation, had 4,100 participants registering in 2014. Funds raised from the Run went towards tuition and other expenses for University students on the Foundation's education programme.

An average of 279 members of the communities we serve received counselling for each quarter of 2014. Areas of focus were employment, career and education planning. We continued the community development activities through our work with community based organisations. The Christmas outreach was a success and there was tremendous support from the GraceKennedy staff.

“Registration at homework Centres increased by over **75%**”

Workforce Development Programme, where they completed training in electrical installation and general construction.

The GraceKennedy/Parade Gardens Science, Technology, Engineering and Mathematics (STEM) Centre was launched in November in Kingston, Jamaica. The facility is housed in a 2700 square foot building located at 53 Water Lane, which was made available by the ICD Group. It features an integrated science lab, computer/study rooms and state-of-the-art equipment including a 3-D Printer. Through the USAID partnership, the Photography Club received eight new cameras and two colour printers, as well as photography accessories. This new equipment has enabled club members to submit entries for the Jamaica Cultural Development Commission's Photography Competition, to be judged in 2015. The GraceKennedy Education Run, which represents a major source of funding for the

Risk Management & Internal Controls

Risk is inherent in all business activities. It is not always possible or indeed desirable to eliminate all risk in developing and executing business strategies. However, there are some risks that can and should be managed. It is therefore critical that

all events, whether they are risks or opportunities, are properly identified, measured and managed in order to minimise losses and maximise opportunities.

Risk Management Governance

The GraceKennedy Board is ultimately accountable for determining the Group's risk profile and ensuring that management has appropriate policies and internal controls in place. The Board has charged the Group Audit Committee with the responsibility for overseeing the Risk Management Programme on its behalf in accordance with its Terms of Reference. The Audit Committee meets seven times per year and inquires of management and assurance providers about significant risks or exposures including illegal acts and assesses the steps management has taken to minimise such risk to the GraceKennedy Group. The Enterprise Risk Management (ERM) Committee is a management





committee which meets six times per year and monitors the progress of the Group's ERM programme through a Balanced Scorecard.

Milestones and Challenges in 2014

To support GraceKennedy's vision of being a Global Consumer Group by 2020, the Risk Management and Assurance functions of the Group have to be robust and flexible enough to act as an enabler in the execution of the Group's strategy. As GraceKennedy's effectiveness in managing the Group's risks improves, the strategic initiatives necessary to continue to improve along the risk maturity continuum require the Group to be innovative and create solutions to satisfy the needs expressed by the business as comparative benchmarks are difficult to find. As such, in 2014, the company actively pursued four multi-year risk management initiatives:

- *Identification of an analytical model to measure the potential impact of GK's Top Risks and mitigation methods:* In 2014, the Risk community in GraceKennedy made strides towards developing a quantification methodology in relation to the risks the Group takes as well as the cost to manage those risks.
- *Design of a central database to manage incident and fraud reporting:* As a diversified Group of companies, GraceKennedy has a unique challenge in synthesizing its incidents and fraud reports so that the information may be analysed and lessons shared across the Group. Work has begun on creating a database to centrally house the Group's incident and fraud reports.
- *Creation of a mechanism to aggregate and analyse the performance of risk management activity across the Group:* All of GraceKennedy's Strategic Support and Business Units perform risk management activity to ensure that they are achieving

their strategic objectives. The Group's risk management activity is being imputed into the GK Strategy, Risk and Compliance Database. The Company has built analytical tools within the database to monitor the risk management performance of all the Group's entities.

- Continued engagement across the Group to reinforce the ERM strategy: In 2014, the areas of focus for that engagement were:
 - To proactively communicate with all members of staff about the roles and responsibilities of the front line in managing risk and participating in self-audits and receiving their feedback on what areas could be improved upon by conducting presentations at staff meetings across the Group
 - To conduct on-going training of staff in the use of the risk management functions in the Strategy, Risk and Compliance Database
 - To understand and address in a more fulsome way the concerns of the Strategic Support and Business Units in managing risk by measuring the perceptions of the businesses regarding their own risk management performance

Risk Assessment

GraceKennedy operates in various geographical regions across several industries. Risk assessment is done both at the Group level and by the individual companies, where keen monitoring of identified risks is undertaken. The Group operates within the Financial Services sector as well as Food Manufacturing, Distribution and Retail Trading. These areas each have their own unique risk considerations. The major risks affecting the Group are operational, insurance, credit, liquidity and market risk.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some examples of operational risk are fiduciary or disclosure breaches, technology failure and environmental risk. The Group's Risk Management Framework supports the mitigation of Operational Risk by establishing the standards for assessment, management, monitoring, and the provision of assurance that the risk and internal controls frameworks are operating as intended. Each subsidiary is required to implement a comprehensive Business Continuity Plan to ensure that in the event of a hazard that disrupts operations, the business will recover in the shortest possible time. The Group ensures that all employees are held accountable for managing the risk and internal control environment with regular audits by our Internal Audit Department. Employees are also empowered to raise concerns of breaches of policies and procedures through an independent whistleblowing protocol.

Insurance Risk

Insurance risk for the GraceKennedy Group is attributable to policies sold by its general insurance underwriting subsidiary and is borne by that subsidiary. The risk under any one insurance contract is the possibility that the insured event occurs, as well as the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore, unpredictable. Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk, as well as geographical location. Management maintains an appropriate balance between commercial and personal policies and other types of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts is, however, concentrated within Jamaica.

Within the solvency requirements of the insurance regulators, an appropriate reinsurance programme has been established to reduce exposures in all classes of business thereby reducing capital exposure to an acceptable level, using very highly rated international reinsurers.

Credit Risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers, agents, the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers, lending and investment activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to similar risks to loans and these are mitigated by the same control policies and processes.

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

This risk is adequately addressed through the monitoring and management of the relevant variables associated with liquidity through our Asset and Liability Committees and Treasury Departments.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Research and Treasury departments throughout the Group which carry out extensive research and monitor the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar, the UK pound and the Euro. Foreign exchange risk arises from future movements of the exchange rate associated with various currencies which impact commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign

exchange risk is managed by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The GraceKennedy Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The GraceKennedy Group manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments and also manages the maturities of interest bearing financial assets and liabilities. The respective Boards within the Group set limits on the level of mismatch of interest rate re-pricing that may be undertaken.





Group Internal Audit

Management and Directors acknowledge their overall responsibility for maintaining and establishing systems of internal control for the Group and for reviewing the effectiveness of these controls. These controls which are designed to assist in the evaluation, management and mitigation of risk to achieving business objectives provide reasonable assurance against misstatement or loss.

This includes reviews of the operational and financial performance, key business and strategic risks as well as the compliance framework. Internal Audit meets regularly with the various Subsidiary Audit Committees throughout the Group as well as the Group Audit Committee, providing information on key risks identified during the course of the audits along with the implementation status of recommendations made.

The Audit Committee oversees the Internal Audit function, reviewing Internal Audit's assessment of the adequacy and effectiveness of the Group's internal controls, compliance with legal, statutory, regulatory and other requirements, and management of risk. The Audit Committee's composition meets the independence and skill requirements of the Group's Corporate Governance Policy. Control issues identified through the work of the internal and external auditors are reviewed by and discussed with the Audit Committee. The Committee, during the course of its activities also received reports from various members of management on significant accounting and tax, legal, regulatory, risk, fraud and whistleblowing related matters as well as matters pertaining to information security. The Group Audit Committee Chairman also reports to the Board on all significant issues considered by the Committee.

The Terms of Reference of the Group Audit Committee are reviewed annually by the Committee and approved by the Board. The various Audit Committees of the Group have oversight responsibility for:

- The reliability and integrity of the accounting principles and practices, financial statements and other financial reporting
- The Internal Audit functions of the Company and the Group
- The risk management functions and processes of the Company and the Group

- The qualifications, independence and performance of the external Auditors of the Company
- The system of internal controls and procedures established by Management and reviewing their effectiveness
- The Group's compliance with legal and regulatory requirements

GraceKennedy's commitment to internal controls, ethics and integrity are reinforced through our GraceKennedy Code of Ethics, Anti-Fraud and Whistleblowing policies and use of its whistleblowing hotline.

Significant activities in 2014 included inter alia:

- The formulation and agreement with the Audit Committee of the audit plan, strategy and scope of work; ensuring the annual internal audit plan was designed to assist in attaining the Group's strategic objectives
- The review of compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as the assessment of the adequacy and effectiveness of the Group's internal control system
- The analysis and assessment of certain key business processes, with recommendations to improve their effectiveness and efficiency
- The review of the adequacy and effectiveness of management's processes for risk management, internal control and governance
- The review of the internal audit charter for possible modification and approval by the Audit Committee
- The review of means of safeguarding the Group's assets
- The coordination of internal audit efforts with those of the external Auditors
- The carrying out of assurance reviews and provision of consultative support by way of reviews and during the course of major system implementations, to evaluate the extent to which adequate controls have been incorporated in the respective systems
- The provision of due diligence support on 2014 acquisition projects

Future Outlook

Certain statements contained in the Management Discussion & Analysis of financial condition and results of operations are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industries, businesses and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Annual Report.

GraceKennedy achieved several milestones in 2014, the most noteworthy being the Company's acquisition of the assets of USA based Latin American food company, La Fe Foods Inc. The Group's expansion was also evident regionally, through the purchase of an additional 50% of the shares in EC Global Insurance Company Limited, bringing our total shareholdings to 80%. These acquisitions, along with other 2015 strategic initiatives will help the Group to achieve its goal of becoming a Global Consumer Group by 2020.

The Group's Strategy is driven by our Vision of delivering 'long term consumer and shareholder value, through brand building and innovative solutions in food and financial services, provided by highly skilled and motivated people', guided by four pillars:

- Growth and Sustainability
- Customer Centricity and Innovation
- Operational Excellence
- Performance Driven Organisation

Growth and Sustainability:

The upcoming year will bring numerous opportunities for the Company both in Jamaica and around the world. Our Jamaican Foods and Financial businesses will be focused on expanding and improving existing product and service offerings to better meet the needs of our customers, making our products and services more convenient and accessible to all segments of the market. To achieve this, we commit to being even more proactive in recognizing the changing needs of our customers, constantly reassessing the environment in which we operate and improving our interaction with our valued customers and clients who are the mainstay of our business. While our established businesses take on this mission, our newly formed Investment Banking Company, GK Capital Management will be focusing on building its client base and product lines.

The international side of the business is poised to grow significantly in all our business lines and operating markets. The primary focus for our Foods business in the USA will be the integration of La Fe with our existing Grace businesses, in order to realize and leverage synergies within our international and Jamaican operations. This acquisition will give the company access to the rapidly expanding Hispanic market which is significantly larger than the existing Caribbean market. Growth in Africa is expected to be led by

our newly established distribution company, which will give us better control of our route to market. In The United Kingdom, Europe and Canada, we will seek to increase brand and product penetration into existing and new multiples.

With regard to our Financial business, we will continue our efforts to expand our presence, keeping abreast of any new growth opportunities within the region. The main areas of focus will be strengthening our underwriting business in the Caribbean and using our investments in technology and people to grow and expand our product offerings to increase our market share in our Banking segment. The Money Services segment growth will be driven by the increased use of technology to create innovative solutions for our customers. The results of this growth will be increased penetration in the Caribbean region.

Customer Centricity and Innovation:

GraceKennedy could not have succeeded for 93 years without the support of our loyal customers. 2015 will be a year which sees increased focus on building and maintaining close relationships with our customers and improving the overall customer experience as an inextricable part of GraceKennedy's culture. We will be looking at new ways to engage them, especially through the use of technology and innovation. We will be supporting innovation within the Group through dedicated oversight teams, as well as a number of innovative programmes. We are excited to explore the opportunities that 'Big Data' can provide in assisting the Group to serve our customers better. We will also use the online space in a more targeted way, to drive brand awareness and to create and deliver new products especially in the Money Services and Insurance businesses. Customers will be rewarded for doing business across the GraceKennedy Group through the GraceKennedy Value Rewards Programme, to be launched in the first quarter of 2015.

Operational Excellence:

With the rapid rate of technological development and the effect this has on our businesses and the competitive landscape, it has become increasingly important for us to find enhanced ways of mobilising existing resources to provide better returns for our shareholders. We plan to utilise the savings from the decline in the cost of energy over the latter part of 2014 to invest in renewable energy options, especially as it relates to our manufacturing arm. The Group will be seeking new ways to utilize low cost technology - for example, mobile applications - to improve our business processes, efficiency levels and staff productivity. We will continue to invest in the knowledge base of our team members who are the key drivers of our operational efficiency initiatives.

Performance Driven Organisation:

GraceKennedy's Code of Ethics speaks to the high value we place on doing things right the first time. We also place great emphasis on putting the right people in our organization, and believe that we have an efficient, solid and talented team.

For 2015 we will continue to focus on our team, and on providing them with the right tools, information, infrastructure and reward and recognition programmes necessary to foster this culture. As our need for talent abroad increases, we will allocate additional resources to the area of Talent Management, which is expected to help us to identify and develop talent locally and overseas. We will also be engaging international expertise to help us to improve our capability as we aim to become a Global company.

Key Expectations for 2015

In line with our Vision and Strategy of becoming a Global Consumer Group, these will be the areas of primary focus for the GraceKennedy Group:

- We will reinvest in the Jamaican market to ensure that our existing products continue to provide high quality and value to our consumers. We will introduce new products and relaunch some of the well-loved brands as we seek to reengage our consumers and serve them even better.
- We will continue the expansion of our Foods business across the United Kingdom, Europe and Africa. In the United States, we will integrate our traditional Foods business with our new acquisition La Fe, and seek to provide our new and existing consumers with a more diverse food experience. In Canada, we will deepen our expansion to Western Canada and support our existing brand positioning.
- We will continue to innovate in our Financial Services businesses, introducing new products and services. We will also provide more convenient channels to meet the needs of our customers. We will deepen our customer relationships and provide value-added services to them.
- We will utilise technology as an enabler to our strategy and will use data analytics to deepen consumer and market insights.
- We will optimize the structure of the Group, ensuring improved efficiency levels, greater productivity and appropriate allocation of capital to attain the targeted return to shareholders.

2014 was a historic year for GraceKennedy, and one which will play a significant role in the achievement of our Vision and our goals. As a result of the strategic initiatives undertaken, we are well poised for further growth in 2015. We are confident that the investments made in 2014 will bear fruit, and look forward to continuing to execute on our strategies in 2015. While we anticipate challenges, we will continue to approach them as opportunities. We remain committed to our staff, our consumers and customers, shareholders and communities, and look forward to working with all our stakeholders to realize our Vision of being a Global Consumer Group while reaffirming our commitment to the Jamaican market, which we deem our fortress.

Board of Directors

Gordon V. Shirley, OJ
Chairman, GraceKennedy Limited.
Chairman, President & Chief
Executive Officer of the Port
Authority of Jamaica. Chair of
GraceKennedy's Compensation
Sub-Committee and Member
of GraceKennedy's Corporate
Governance & Nomination
Committee

Donald G. Wehby
GraceKennedy Group Chief
Executive Officer

**Courtney O. St. A.
Campbell, JP**
Chief Executive Officer,
GraceKennedy Financial
Group Division

**Mary Anne V.
Chambers, O.Ont.**
Retired bank Executive,
former Ontario Cabinet
Minister (Canada) and
a resident of Canada. A
member of GraceKennedy's
Audit Committee and
Corporate Governance &
Nomination Committee

Joseph P. Esau
Consultant on new project
financing and mergers and
acquisitions, and a resident
of Trinidad & Tobago. A
member of GraceKennedy's
Corporate Governance &
Nomination Committee

Frank A. R. James
GraceKennedy Group Chief
Financial Officer



Parris Lyew-Ayee, Jr

Director of the Mona Geoinformatics Institute and Senior Lecturer at The University of the West Indies, Jamaica. A member of GraceKennedy's Audit Committee and Corporate Governance & Nomination Committee

Everton L. McDonald

Financial Consultant and retired Public Accountant. Chairman of GraceKennedy's Audit Committee, a member of the Corporate Governance & Nomination Committee and Compensation Sub-Committee

Gina M. Phillipps Black

Attorney-at-law and partner in the law firm, Myers Fletcher & Gordon. Chair of GraceKennedy's Corporate Governance & Nomination Committee

Michael K.A. Ranglin

Chief Executive Officer, GK Foods Division

Douglas R. Orane, CD, JP

Retired Company Executive, member of GraceKennedy's Corporate Governance & Nomination Committee, Audit Committee and Compensation Sub-Committee and Chairman of the Board of Trustees of the GraceKennedy Pension Schemes



DIRECTORS & CORPORATE DATA

As at March 2, 2015

Directors

Gordon V. Shirley, OJ
Chairman

Donald G. Wehby
Group Chief Executive Officer

Courtney O. St. A. Campbell, JP
Mary Anne V. Chambers, O.Ont.
Joseph P. Esau
Frank A. R. James
Parris A. R. Lyew-Ayee, Jr
Everton L. McDonald
Douglas R. Orane, CD, JP
Gina M. Phillipps Black
Michael K. A. Ranglin

Auditors

PricewaterhouseCoopers
Scotiabank Centre, Duke Street
Kingston, Jamaica, W.I.

Attorneys

DunnCox
48 Duke Street
Kingston, Jamaica, W.I.

Bankers

The Bank of Nova Scotia Jamaica
Limited
Citibank N.A.
FirstCaribbean International Bank
(Jamaica) Ltd.
First Global Bank Limited
National Commercial Bank Jamaica
Limited

Corporate Secretary

Karen Chin Quee Akin
73 Harbour Street
Kingston, Jamaica

Registered Office

73 Harbour Street
Kingston, Jamaica, W.I.

Registrar & Transfer Office

GraceKennedy Limited
73 Harbour Street
Kingston, Jamaica, W.I.

Websites

www.gracekennedy.com
www.gracefoods.com

SENIOR MANAGEMENT

As at March 2, 2015

CORPORATE OFFICE

Donald G. Wehby
Group Chief Executive Officer

Frank A. R. James
Group Chief Financial Officer

Karen Chin Quee Akin
Chief Corporate Secretary/Senior Legal
Counsel

Courtney O. St. A. Campbell, JP
Chief Executive Officer, GK Financial
Group

Michael K. A. Ranglin
Chief Executive Officer, GK Foods

Cassida A. Jones
Group Chief Human Resources Officer

Andrew Messado
Group Comptroller

Cathrine Kennedy
Chief Risk Officer

Debra Dodd
Chief Audit Executive

Danielle Daley-Longman
Head of Corporate Planning & Strategy

Simone Clarke-Cooper
Group Chief Communication Manager

Simon Roberts
Group Chief Information Officer

GK FOODS

Michael K. A. Ranglin
Chief Executive Officer, GK Foods

Gregory B. Solomon
Senior General Manager – International
Foods West

Ryan Mack
Senior General Manager – International
Foods East

Gilroy Graham
Senior General Manager – Grace Foods
& Services

Andrea Coy
Senior General Manager – Global
Category Management

Andrew Ho
Senior General Manager –
Manufacturing

Naomi Holness
Senior Human Resources Business
Partner

Stanley Beckford
Chief Risk Officer

Gavin Jordan
Divisional Chief Financial Officer

Angeline Gillings
Chief Global Category Officer

Dianne Robinson
Chief Supply Chain Officer

Zak Mars
Chief Innovation Officer

GK Foods & Services Limited

Gilroy Graham
Managing Director

Dave Mitchell
General Manager – Grace Food
Processors (Canning) Division

Taji Alleyne
General Manager - Grace Agro Processors
Division

Carl Barnett
General Manager – Grace Food
Processors Division

Michael K. A. Ranglin
Executive Director - Grace Foods
International Division

Renee Nathan
General Manager – Hi-Lo Food Stores
Division

Andrew Wildish
General Manager – National Processors
Division

Tamara Garel
General Manager – World Brands Services
Division

Dairy Industries (Jamaica) Limited

Andrew Ho
General Manager

GraceKennedy (Belize) Limited

Marcello Blake
General Manager

GraceKennedy (Ontario) Inc.

Sarath (Lucky) Lankage
President

Grace Foods & Services Company

Gilroy Graham
General Manager

Grace Foods (USA) Inc.

Gregory Solomon
President

Derrick Reckord
Vice President

Grace Foods UK Ltd

Ryan Mack
Managing Director

Alan Polding
General Manager

Chadha Oriental Foods Limited

Ryan Mack
Managing Director

Enco Products Limited

Andrew Coult
General Manager

Funnybones Food Service Limited

Andrew Coult
General Manager

GraceKennedy Foods (USA) LLC.

Michael Ranglin
President & Chief Executive Officer

GK FINANCIAL GROUP

Courtney O. St. A. Campbell, JP
Chief Executive Officer, GK Financial
Group

Grace Burnett
Chief Executive Officer – Insurance
Segment

Andrew C. Levy
Regional Director – Insurance Services

Karim Kiffin
Vice President – Strategy

GraceKennedy Financial Group Limited

Courtney O. St. A. Campbell, JP
Chief Executive Officer

Allied Insurance Brokers Limited

Amanda Beepat
Managing Director

EC Global Insurance Company Limited

Grace Burnett
Director

First Global Holdings Limited

Courtney O. St. A. Campbell, JP
Chief Executive Officer

First Global Bank Limited

Maureen Hayden-Cater
President

First Global Insurance Brokers Limited

Marlon Graham
Managing Director

First Global Leasing Limited

Steven Whittingham
Managing Director

GK Capital Management Limited

Steven Whittingham
Managing Director

GraceKennedy Remittance Services Limited

Michelle Allen
Managing Director

Grace, Kennedy Remittance Services (Guyana) Limited

Coleen Patterson
Country Manager

GraceKennedy (Trinidad & Tobago) Limited

Donald Edwards
Country Manager

GraceKennedy Money Services (Caribbean) SRL

Michelle Allen
Chief Executive Officer

GraceKennedy Money Services (BVI) Limited

Michelle Allen
Managing Director

GraceKennedy Payment Services Limited

Michelle Allen
Managing Director

GraceKennedy Currency Trading Services Limited

Michelle Allen
Managing Director

GraceKennedy Money Services (Anguilla) Limited

Michelle Allen
Managing Director

GraceKennedy Money Services (Antigua & Barbuda) Limited

Michelle Allen
Managing Director

GraceKennedy Money Services (Montserrat) Limited

Michelle Allen
Managing Director

GraceKennedy Money Services (St Kitts-Nevis) Limited

Michelle Allen
Managing Director

GraceKennedy Money Services (St Vincent) Limited

Michelle Allen
Managing Director

Jamaica International Insurance Company Limited

Grace Burnett
Managing Director

Signia Financial Group Inc

Paul Ashby
Chief Executive Officer

Trident Insurance Company Limited

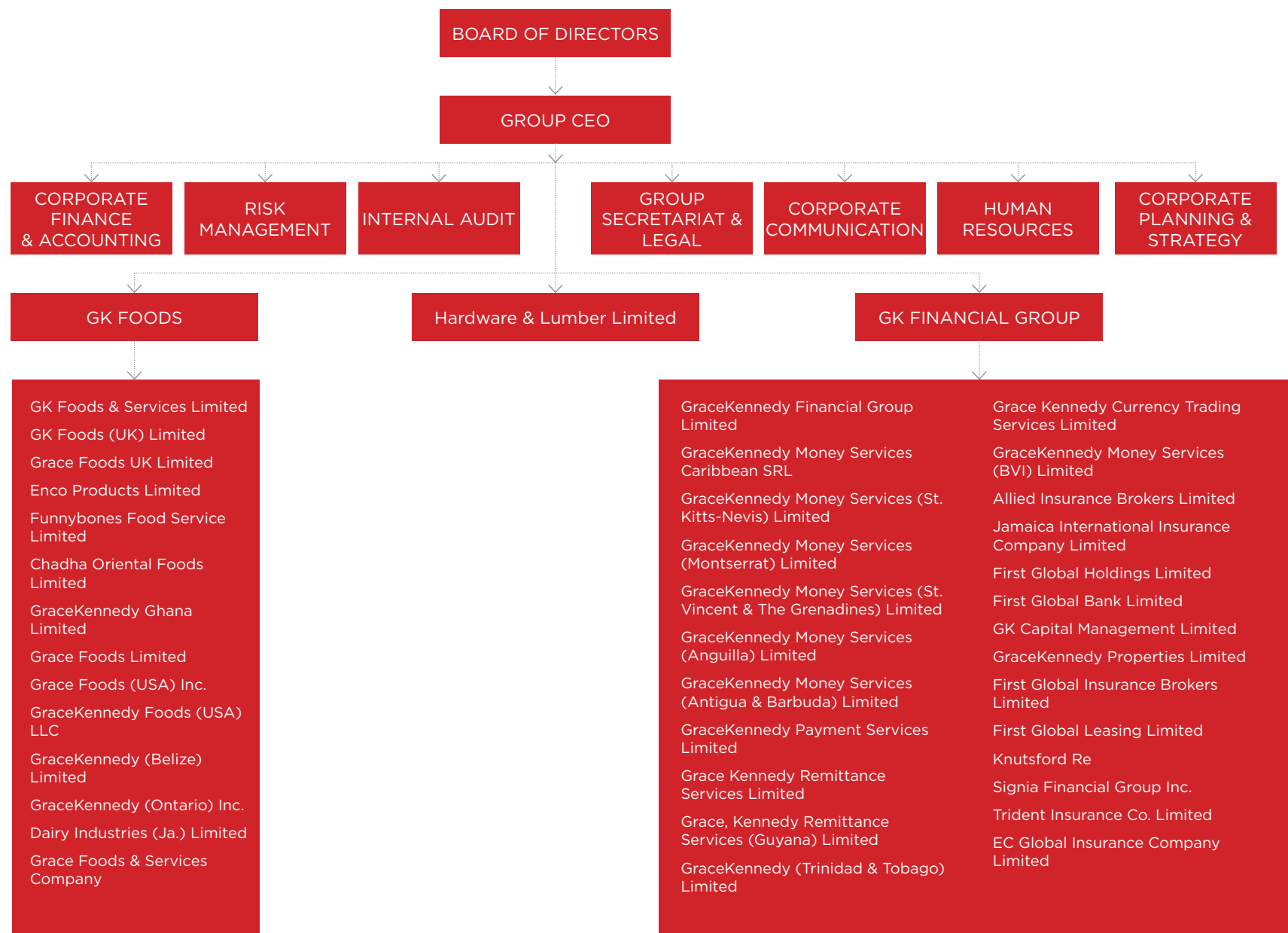
H. C. Algernon Leacock
Managing Director

Executive Management

Donald Wehby, Group Chief Executive Officer | **Courtney Campbell, JP**, Chief Executive Officer, GraceKennedy Financial Group
Karen Chin Quee Akin, Chief Corporate Secretary/Senior Legal Counsel | **Frank James**, Group Chief Financial Officer
Cassida Jones, Group Chief Human Resources Officer | **Ryan Mack**, Senior General Manager – International Business East
Michael Ranglin, Chief Executive Officer, GK Foods Division



Organisational Chart



SHAREHOLDINGS OF DIRECTORS

As at December 31, 2014

Ordinary Stock Units of no par value	
Douglas R. Orane*	7,102,074
Donald G. Wehby*	3,408,451
Frank A. R. James	649,534
Michael Ranglin	522,699
Courtney Campbell	401,983
Gordon V. Shirley	142,575
Joseph Esau*	82,575
Mary Anne Chambers	22,575
Everton McDonald	22,575
Gina Phillipps Black	22,575
Parris Lyew-Ayee	10,610
Total	12,388,226

*Includes stockholdings of connected persons

SHAREHOLDINGS OF EXECUTIVE COMMITTEE MEMBERS

As at December 31, 2014

Ordinary Stock Units of no par value	
Donald G. Wehby*	3,408,451
Frank A. R. James	649,534
Michael Ranglin	522,699
Courtney Campbell	401,983
Ryan Mack	356,277
Cassida Jones	260,735
Karen Chin Quee Akin	200,403
Total	5,800,082

STOCKHOLDERS' PROFILE

	31/12/2014 Stock Units	%
Private Individuals	97,127,259	29.32%
Insurance Companies, Trust Companies & Pension Funds	95,155,930	28.73%
Private Companies	35,174,530	10.62%
Public Listed Companies	2,123,524	0.64%
Investment Companies/Unit Trusts	50,637,412	15.29%
Others	27,996,104	8.45%
Directors & Senior Managers	13,205,641	3.99%
Nominee Companies	9,802,645	2.96%
	331,223,045	100.00%

TOP TEN (10) STOCKHOLDERS

As at 31 December 2014

NAME	ORDINARY STOCK UNITS	%
NCB Insurance Co. Ltd. A/C WT109	18,137,652	5.48%
GraceKennedy Limited Pension Scheme	14,974,067	4.52%
National Insurance Fund	13,930,113	4.21%
Sagcor Pooled Equity Fund	13,165,608	3.97%
FCIB (Barbados) Limited A/C C1191	12,859,945	3.88%
Xaymaca Limited	9,063,461	2.74%
Douglas Orane	6,807,166	2.06%
Michele Marie Stewart	6,565,572	1.98%
FredKenn Limited	6,259,127	1.89%
ATL Group Pension Fund Trustees Nominee Ltd.	5,363,673	1.62%
		32.34%



GraceKennedy Foundation

Board of Directors as at March 2, 2015

Prof. Elsa Leo-Rhynie - Chairman
Caroline Mahfood - Executive Director
U. Philip Alexander
Noel Greenland
Cathrine Kennedy
Fred Kennedy
Fay McIntosh
James Moss-Solomon
Radley Reid
Prof. Elizabeth Thomas-Hope
Hilary Wehby

Grace & Staff Community Development Foundation

Board of Directors as at March 2, 2015

James Moss-Solomon - Chairman
U. Philip Alexander
Simone Clarke-Cooper
Marsha Cope-Johnson
Andrea Coy
Noel Greenland
Frank James
L. Anthony Lawrence
Caroline Mahfood
Dave Mitchell
Lorna Reynolds Minott - Treasurer
Joan Marie Powell
Simon Roberts

Directors' Report

For the Year ended 31 December 2014

1. The Directors are pleased to present their report for the year ended 31 December 2014 and submit herewith the Consolidated Income Statement and Consolidated Statement of Financial Position for GraceKennedy Limited and its subsidiaries as at that date.

2. **Operating Results**

	\$'000
Revenues	77,970,073
Profit Before Taxation	4,847,799
Net Profit After Tax	3,799,127
Net Profit After Tax Attributable to Stockholders	3,285,174

3. **Dividends**

The following dividends were paid during the year:

- \$0.70 per ordinary stock unit was paid on 30 April 2014
- \$0.78 per ordinary stock unit was paid on 30 September 2014
- \$0.85 per ordinary stock unit was paid on 16 December 2014

The Directors recommend that the interim dividends paid on 30 April 2014, 30 September 2014 and 16 December 2014 be declared as final for the year under review.

4. **Directors**

The Directors as at 31 December 2014 were as follows:-

Hon. Gordon Shirley, OJ - Chairman
Mr. Donald Wehby - Group Chief Executive Officer
Mr. Courtney Campbell, JP
Mrs. Mary Anne Chambers
Mr. Joseph Esau
Mr. Frank James
Dr. Parris Lyew-Ayee

Mr. Everton McDonald
Hon. Douglas Orane, CD, JP
Mrs. Gina Phillipps Black
Mr. Michael Ranglin

It is with regret that we report that Hon. G. Raymond Chang, OJ, who served the company with distinction as a member of the Board for over 10 years passed away on 27 July 2014.

In accordance with Article 102 of the Company's Articles of Incorporation, Messrs. Courtney Campbell, Joseph Esau, Frank James and Gordon Shirley will retire by rotation and, being eligible, offer themselves for re-election.

5. **Auditors**

Messrs. PricewaterhouseCoopers, the present Auditors, have signified their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

6. The Directors wish to express their appreciation to the management and staff for their achievements during the year.



By Order of the Board
27 February 2015
Gordon V. Shirley, OJ
Chairman



Group Audit Committee Report

For the Year Ended 31 December 2014

The Group Audit Committee assists in overseeing the financial controls and reporting of GraceKennedy Limited and any and all its subsidiary companies (collectively called the Group). The Group Audit Committee also monitors whether the Group complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and risk management. In fulfilling its responsibility to oversee management's implementation of the Group's financial reporting and risk management processes, the Group Audit Committee is guided by the Terms of Reference for the Committee, as approved by GraceKennedy Limited (the Board), to whom it reports, and assisted by the Chief Audit Executive and the Group Internal Audit Department.

In performing its work, the Committee considers the following:

1. Reliability and integrity of the accounting principles and practices, financial statements and other financial reporting;
2. Internal audit functions of the Group;
3. Risk management functions and processes of the Group;
4. Qualifications, independence and performance of the external auditors of the Group;
5. System of internal controls and procedures established by management and reviewing their effectiveness;
6. The Group's compliance with legal and regulatory requirements.

The Committee met seven times in 2014, and the external auditors attended all regular meetings. In

keeping with its mandate, the Committee received regular updates from the Chief Audit Executive, Head of the Group Internal Audit Department, regarding compliance and other issues that have a material impact on the Group's financial statements and operational policies.

During the year, the Committee reviewed reports covering financial, operational and compliance audits. Recommendations for improvements and/or adjustments were made to Management and the Board, which were accepted, and were either implemented or are in the process of being implemented. The Committee, during the course of its activities, also received reports from various members of Management on significant accounting and tax, legal, regulatory, risk, information security, fraud and whistleblowing related matters, as well as on the involvement of the Group Internal Audit Department in due diligence activities for the Group's acquisitions and disposals.

In addition, during the year, the Committee Chairman and the Chief Audit Executive engaged the Audit Committees of all the regulated financial subsidiaries in a series of sessions geared towards knowledge sharing and reinforcement of best practices.

The Committee also reviewed the composition, duties and responsibilities of subsidiaries' Audit Committees and significant findings arising from their meetings.

Management has the primary responsibility for the timely preparation and accuracy of the financial

statements and the reporting process, including the systems of internal control. The Group Audit Committee, in conducting its oversight role, has reviewed and discussed the quarterly unaudited results and the annual audited financial statements with the company's management and the external auditors.

The Committee has also discussed with the Group's management, the internal auditors and the external auditors, the adequacy of the internal accounting controls and has received the assurance of the external auditors that the processes have produced financial statements giving a true and fair view of the financial affairs of the Group.

The scope of work of the external auditors was reviewed and an assessment of their independence and qualifications was also conducted. Based on this review and discussions with them, together with the Committee's reviews of the internal audit reports, the Committee has recommended to the Board that the Group audited financial statements for the year ended December 31, 2014 be approved for presentation to the shareholders of GraceKennedy Limited.

In keeping with the Committee's emphasis on continuing education, members of the Group's Audit Committees attended an annual Directors' workshop, which included sessions highlighting, inter alia, emerging trends in Corporate Governance, Mergers and Acquisitions, Proceeds of Crime Act, and the use of technology to enhance business competitiveness.

In December 2014, the Committee undertook its triennial self-assessment and effectiveness review, the results of which were very positive. A few areas requiring improvement will be addressed in 2015.

Effective 1 January 2014, Professor Gordon Shirley resigned from the Committee to focus on his new responsibilities as Chairman of the Board and Mr. Douglas Orane was appointed to the Committee. We wish to record our gratitude and appreciation to Professor Shirley for his many years of sterling service to the Committee. We welcome Mr. Orane to the Committee and look forward to the continuing benefit of his vast experience and knowledge of the company.

On a sad note, Mr. G. Raymond Chang, Committee Member, passed away on 27 July 2014, after many years of invaluable contribution to the Committee.

The Audit Committee
E.L. McDonald (Chair)
M. A. V. Chambers (Mrs.)
P. Lyew-Ayee
D.R. Orane

February 26, 2015

Corporate Governance & Nomination Committee Report

The Corporate Governance & Nomination Committee of the Board of Directors of the Company has responsibility and oversight for all corporate governance matters and for making recommendations to the Board of Directors in relation to composition of the Board and its Committees. The Committee comprises all the Non-Executive Directors of the Company.

Corporate Governance Practices

The Company adheres to high standards of Corporate Governance, as it seeks to exemplify continually evolving best practices while maintaining effective communication with its stakeholders on the Company's objectives in sustaining a financially sound business. The Board considers compliance with applicable legislation, and regulatory issued guidance and best practice standards to be a primary focus. The Rules of the Stock Exchanges of Jamaica and Trinidad and Tobago and the PSOJ Code of Corporate Governance have influenced the Group's policies and decision making processes.

Corporate Governance Structure

The Board of Directors of the Company, elected by the shareholders, is charged with the responsibility of providing strategic guidance, effective monitoring and oversight of Management, while ensuring accountability to the Company and its stakeholders.

The composition of the Board reflects diversity in skills set, high ethical standards, independence and objectivity of judgment. The Directors are well respected in their various fields of professional endeavours and possess qualities that are appropriate for their directorships. The Committee and the Board of Directors are of the view that the size and composition of the Board of Directors and Committees are properly constituted and balanced in terms of skills, experience and diversity appropriate for the Company and allow for the efficient functioning of the Board of Directors at this time.

Board of Directors and Committee Charters

The Board also acts through Committees of the Board, namely the Corporate Governance & Nomination Committee and the Audit Committee. There is also the Compensation Sub-Committee which is a sub-committee of the Corporate Governance & Nomination Committee.

Each Committee has settled terms of reference that have been approved by the Board of Directors which set out the Committee's functions and responsibilities. In the case of the Compensation sub-committee this was approved by the Corporate Governance & Nomination Committee in keeping with its mandate. The terms of reference of each Committee are reviewed annually and any recommendations for change submitted for approval.

In addition to Board and Committee meetings, in order to properly discharge their duties, there is also contact between Board members and the Group CEO, Group CFO and Executive Management.

During the year under review the Committee and the Board reviewed the top risks that could potentially impact the Company's strategic objectives and considered Management's awareness and implementation of appropriate systems and internal controls necessary to manage or mitigate these risks.

The Committee and Board reviewed reports on the Disclosure of Business Interests that came before it from time to time and received and reviewed the annual certification from all Directors of their compliance with the Group's Code of Ethics and Disclosure of Business Interests Report.

The Corporate Governance & Nomination Committee held discussions on and reviewed Management's succession planning for Executive positions including the positions of Group CEO and Group CFO, and the Divisional CEOs. The Committee reviewed the number of Non-Executive Directors throughout the Group and considered the efficiency of the Group's structure. The Committee reviewed the composition of Boards and Audit Committees within the key operating subsidiaries within the Group and the attendance records for Board and Committee meetings for the

Company and the key operating subsidiaries. At the Directors' retreat the Board considered issues relating to Board dynamics and the structure, size and composition of the Board and the principal Board Committees, in the context of ensuring that the Company maintains a Board that is fully engaged and reflects a balance and diversity of skills and experience.

Director Independence

Save and except for Director Douglas Orane, who was up until July 1, 2012 an Executive Director of the Company, all of the Non-Executive Directors are considered to be independent based on the criteria agreed by the Board as set out in the Company's Corporate Governance Code. Independence is based on criteria agreed by the Board and includes:

- a Director who has not within the last three years been an employee of the Company or Group;
- a Director who has not within the last three years had a material business relationship with the Company either directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company;
- a Director who has not within the last three years received additional remuneration from the Company (apart from a Director's compensation) nor participated in the Company's performance-related pay scheme;
- a Director whose spouse, child(ren) or dependent(s) are not advisers, Directors or senior employees of the Company;
- a Director who does not represent a significant shareholder.

The Committee and the Board is not aware of any relationships or circumstances affecting the Directors' independent judgment.

At the close of every Board meeting the Non-

Executive Directors have an opportunity to meet in private session without the Executive Directors.

The GraceKennedy Corporate Governance Code

The Company's Corporate Governance Code was reviewed and revised during the year. The Board revised and approved the Committee's Terms of Reference and the Group's Corporate Governance Code based on recommendations of the Committee in an ongoing effort to achieve even greater conformity with legal and regulatory requirements and best practice standards.

The Code is published on the GraceKennedy website at <http://gracekennedy.com>. The Company is focused on maximizing the returns on our investments and delivering the highest possible value to our shareholders. The Board is committed to ensuring that the highest ethical principles and standards are maintained and that there is compliance with the laws of the territories in which we do business as we hold true to the values of "Honesty, Integrity and Trust" which our customers and clients expect from us.

The Corporate Governance Code and the Company's Code of Ethics and Guidelines for Business Conduct, and in fact all policies and guidelines affecting Corporate Governance and behaviour merely outlines the standard of conduct required in particular situations, and it is understood that they do not cover every particular circumstance required for good governance but Directors are obliged to act at all times in compliance with their duties to the Company as Directors.

Board Evaluation

The Board conducted its annual Board performance evaluation as one of the means of assessing individual and collective performance inclusive of peer reviews. This evaluation process

which involves self-evaluation and evaluation by peers is expected to strengthen participation and performance and ultimately create an environment for even more effective participation and decision making.

Continuing Directors' Education and Training

During the year, the Committee coordinated the Group's annual Board Training Workshop attended by 87 Directors and Senior Managers across the Group.

Directors' education is also delivered throughout the year by way of attendance at workshops and seminars and also through the dissemination of presentations, articles and reports and the maintenance of an online resource centre with information affecting the Group's business environment, risks and emerging trends that may impact the Group's strategy and objectives. Trade visits are also arranged for Board members which for 2014 included a tour of the GraceKennedy (Ontario) Inc. facilities and market visits in Canada.

Individually, Directors also attended local and international conferences on a wide range of areas including Board Effectiveness, Board Responsibilities, Audit Committee Effectiveness and Strategy as a key component of a Board's responsibilities.

Attendance at Board and Committee Meetings

Eight (8) Board meetings were held throughout the financial year.

At the start of the year the Board was comprised of eight (8) Non-Executive Directors and four (4) Executive Directors. The Board suffered the loss of Director G. Raymond Chang OJ, who passed away on July 27, 2014. Consequent upon the passing of Director Chang, Professor Gordon Shirley, OJ, was appointed by the Corporate Governance &

Nomination Committee as Chair of the Compensation Sub-Committee. The Corporate Governance & Nomination Committee also appointed Director Douglas Orane as a member of the Sub-Committee. At the end of the year the Board was comprised of seven (7) Non-Executive Directors and four (4) Executive Directors.

The members of the Board participated actively in meetings of the Board and Committees. Board and Committee attendance is illustrated in the table below along with details of the independence of Directors:

			No. of meetings attended out of total meetings applicable			
Director	Executive (E)/ Non-Executive (NE)	Independent (I)/ Non Independent (NI)	Board	Corporate Governance & Nomination Committee	Audit Committee	Compensation Sub-Committee
Courtney Campbell	E	NI	8/8	n/a	n/a	n/a
Mary Anne Chambers	NE	I	8/8	5/5	7/7	n/a
G. Raymond Chang (Passed away July 27, 2014)	NE	I	3/4	3/3	n/a	1 / 1
Joseph Esau	NE	I	8/8	5/5	n/a	n/a
Frank James	E	NI	8/8	n/a	n/a	n/a
Parris Lyew-Ayee	NE	I	8/8	5/5	7/7	n/a
Everton McDonald	NE	I	8/8	5/5	7/7	3/3
Douglas Orane	NE	NI	8/8	5/5	6/7	3/3
Gina Phillipps Black	NE	I	8/8	5/5	n/a	n/a
Michael Ranglin	E	NI	8/8	n/a	n/a	n/a
Gordon Shirley	NE	I	8/8	5/5	n/a	3/3
Donald Wehby	E	NI	8/8	4/5	n/a	n/a

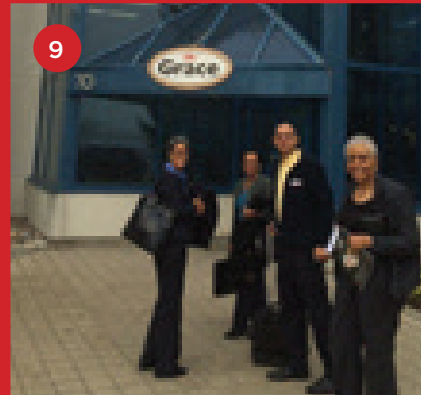
Remuneration

The Company's Corporate Governance Code and the PSOJ Corporate Governance Code provide that levels of remuneration of Board members should be sufficient to attract and retain and motivate persons of high quality. During the year under review Directors' fees were paid as follows to Non-Executive Directors:

BOARD FEES (Payable to Non-Executive Directors only)	
ANNUAL RETAINERS	
All Directors	\$1,694,879
Additional Retainer Board Chair	\$3,110,704
Additional Retainer Corporate Governance & Nomination Committee Chair	\$394,022
Additional Retainer Audit Committee Chair	\$1,036,901
Additional Retainer Compensation Sub-Committee Chair	\$262,654
PER MEETING ATTENDANCE FEES	
Board Meetings	None
Audit Committee meetings	\$150,161
Other Committee meetings	\$50,054

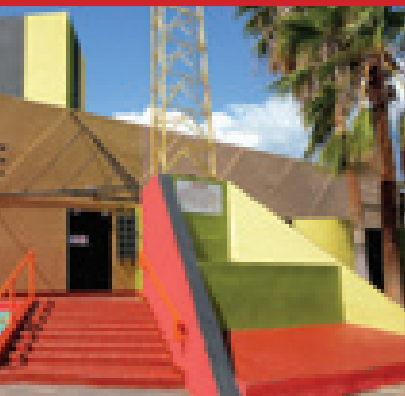
As part of our commitment to honesty and fair dealing the Company continues to engage in active dialogue with investors through Investor Briefings which are reported to the Board and anyone may sign up to participate in these briefings. These briefings are also supplemented by press releases on additional non-financial information that may be of interest to investors.

Gina Phillipps Black
Chair
Corporate Governance & Nomination Committee
February 26, 2015



GK at Work Across the World





1. GK Belize Team member Ana Orosco in the community for the "Village Blitz/Grace In Your Home" Promotion **2.** GK Group CEO Don Wehby with the winners of the Inaugural GraceKennedy Heather Little-White Household Worker Award – Errol McGowan (3rd), Elaine Duncan (winner) and Mervelyn Brown (2nd place) **3.** "Welcome to the GK Family!" La Fe Meets Grace - An attentive La Fe gathering listens to Joy Thomas, Market Manager – Southern USA, as she gives an overview of GraceKennedy in August of 2014 **4.** Brand new Grace and Staff STEM Centre, located in Parade Gardens, Kingston, Jamaica **5.** GFI's Joy Thomas with State-elected Representative for South Florida, District 95, Hazelle Rogers at the 2014 Grace Jerk Festival, Markham Park, Florida **6.** Caroline Mahfood, Executive Director, GKF, with children from Mona Heights Primary. The Foundation provided a grant to help refurbish a container for a new Grade 1 classroom **7.** GraceKennedy Staff helps to clean up the environment. Volunteers from Grace Foods and the GraceKennedy Corporate Office at Fort Rocky on Saturday, September 20, 2014, for International Coastal Cleanup Day **8.** GK Group CEO Don Wehby in animated discussion with GK Chairman, Prof Gordon Shirley and Prime Minister of Jamaica, Hon Portia Simpson Miller, at the GK Heather Little-White Household Worker Award Ceremony **9.** GK Ontario gets a visit from Board members Mary Anne Chambers (far right) and Gina Phillipps Black (far left), along with GK Group CEO Don Wehby and GK Chief Corporate Secretary/Senior Legal Counsel, Karen Chin Quee Akin **10.** Proud of our GK Ambassadors – GK Group CEO with GraceKennedy's Ambassadors, outstanding Olympians (from left) Shelly-Ann Fraser-Pryce, Hansle Parchment and Alia Atkinson (GKMS Ambassador) **11.** Hon. Natalie Neita Headley, Minister without portfolio with responsibility for Sport in the Office of the Prime Minister with KC Old Boy (who participated on the first KC team to the Penn Relays in 1964), Tony Keyes, and GK Group CEO Don Wehby at the annual Penn Relays **12.** Dax Williams of Coldax Mart Jamaica demonstrates the new interactive white board at the STEM Centre to Daniel Santos, Grace and Staff beneficiary **13.** GraceKennedy Ghana Start-up Team. GraceKennedy Ghana gets off to a great start with a great team. Pictured in front (from left) are Awo Agbolo, Sales Coordinator; Frank Tetteh Junior, Inventory Controller; Adolf Dogbey, Sales & Marketing Manager; Kwame Adator, Sales Coordinator; and Eric Abaidoo, Sales Coordinator. In the back row (from left) are Jon Tipping, Manager Organisation & Development, Grace Foods UK; Priscilla Akoto-Mensah; Jerome Miles, General Manager Export East; and Duncan Henning, Management Accountant, Grace Foods UK **14.** Ryan Mack, Senior General Manager, International Foods East and Nyree Chambers, Head of Marketing, Grace Foods UK and Global Category Manager, Seasonings, Sauces and Spices at CFW Launch in the UK





GK Group CEO, Don Wehby is flanked by Senior Executives of GraceKennedy at the Gleaner Honour Awards, where the Company received the overall Gleaner Honour Award for 2014. With him are (first row, l-r), GK Chairman, Prof Gordon Shirley; Chief Corporate Secretary, Karen Chin Quee Akin; CEO, Insurance Segment, Grace Burnett; Head of Corporate Planning & Strategy, Danielle Daley-Longman. In the second row are (l-r), Group Chief Human Resources Officer, Dr Cassida Jones; Chief Risk Officer, Cathrine Kennedy; Michelle Allen, CEO, GMKS; Debra Dodd, Chief Audit Executive. In the last row are (l-r) Group Chief Information Officer, Simon Roberts; Courtney Campbell, GKFG CEO; Frank James, Chief Financial Officer; Gavin Jordan, Divisional Chief Financial Officer; Andrea Coy, Senior General Manager, Global Category Management Unit; Andrew Ho, Senior General Manager, Manufacturing and Gilroy Graham, Senior General Manager, Grace Foods & Services.

GRACEKENNEDY WINS MAJOR GLEANER 2014 AWARDS

In mid-January 2015, Jamaican daily newspaper, 'The Gleaner' announced that GraceKennedy had received the Gleaner Honour Award for Business for 2014. The Gleaner Honour Awards are part of the Gleaner Company's annual flagship event programme, recognising individuals and organizations which have contributed significantly to improving Jamaica's quality of life. GraceKennedy was awarded, in particular, for

'outstanding contribution to the food processing and financial sectors'.

An excerpt from the article announcing GraceKennedy's win read:

"Both literally and figuratively, the company has entrenched itself as a household name for Jamaicans from all walks of life, earning a sound

reputation, just as it has become synonymous with quality of the highest standards."

At the end of January, the newspaper further announced that GraceKennedy was to receive its prestigious award as the overall Gleaner Honouree for the Year for 2014.

GRACEKENNEDY GROUP ACQUIRES AN ADDITIONAL 50% OF SHARES IN EC GLOBAL INSURANCE COMPANY LIMITED, ST LUCIA

Company's
holdings now at
80%

In September 2014, The GraceKennedy Group announced the acquisition of an additional 50% of the shares in St. Lucian company, EC Global Insurance Company Limited ("EC Global"), bringing its shareholdings to 80%. The Group first acquired its 30% shareholding in EC Global in 2004.

According to GraceKennedy Financial Group Limited ("GKFG") CEO, Courtney Campbell, "In pursuing our Vision of becoming a Global Consumer Group in Foods internationally and in Financial Services regionally, we have been keeping a keen eye out for companies which can help us to achieve this goal. Our history with EC Global has been good, and by now becoming the majority shareholder, we are excited about the prospects that taking our investment in this business to the next level will bring. We anticipate significant collaboration between EC Global and our other existing Insurance businesses and look forward to reaping the rewards of this investment." EC Global is a licensed general insurance company in St. Lucia, previously owned jointly by GKFG and Eastern Caribbean Financial Holdings Limited ("ECFH"). The additional 50% shareholding acquired from ECFH brings GKFG's holdings to 80%. ECFH will retain the remaining 20% and remain a partner in the business.

GRACEKENNEDY LAUNCHES INAUGURAL GRACEKENNEDY/HEATHER LITTLE-WHITE HOUSEHOLD WORKER AWARD

The GraceKennedy Group launched a major initiative in 2014 - the Inaugural GraceKennedy/Heather Little-White Household Worker Award - at its downtown Kingston Headquarters in Kingston, Jamaica. The award was launched as an opportunity to recognize and reward some of Jamaica's finest workers, and as another indication of GraceKennedy's efforts to do what is 'good for Jamaica'.

Group CEO, Don Wehby added that the company saw it appropriate to add Dr Little-White's name to the award because of the contribution she had made to GraceKennedy, and the dedicated work she had done in the training of household workers.

Ms Shirley Pryce, President of the Jamaica Household Workers Union, expressed her sincere appreciation for the GraceKennedy initiative. Under her leadership, the organization, launched in 1991 as the Jamaica Household Workers Association with 175 members, has now grown to 3,800 members. "These are very hardworking people who very often don't get the recognition and respect they deserve. I am really happy to know that GraceKennedy sees the value of their work and has chosen to reward them in this way," she said. Lennie Little-White, Executive Chairman of MEDIAMIX and brother of Dr Little-White spoke of his sister's commitment and passion when it came to the training of Household Workers. "She gave them the skills and the confidence to change their lives. This is truly a fitting way to honour her memory," he said.

GraceKennedy asked the public to nominate their household workers and in no more than 200 words, say why they should be the winner of this award, and send the nominations to GraceKennedy's Head Office. Nominations were then viewed by a panel of judges, the top ten nominees were selected and interviewed, and a top three chosen. The winner of the Award, Elaine Duncan received the GraceKennedy Household Worker of the Year Award as well as \$250,000. Second and third place winners received trophies, and \$150,000 and \$100,000 respectively. The winner also selected a secondary student, who received an education grant for funding for a year of High School.

GRACEKENNEDY ACQUIRES US\$80 MILLION REVENUE FOOD BUSINESS IN THE UNITED STATES OF AMERICA

In continuation of its strategy of becoming a Global Consumer Group, and to grow significantly its exports, in July of 2014, GraceKennedy through its wholly owned subsidiary GraceKennedy Foods (USA) LLC entered into an agreement to purchase the operating assets and business of La Fe Foods Inc., including its

brand. La Fe is the top Hispanic Brand in the frozen food category in Northeast USA. La Fe Foods Inc. which was established in 1968 currently has revenues of approximately US\$80 million and the business being acquired will be the platform for the growth of GraceKennedy's North American business going forward. The acquisition came at a purchase price of US \$26 million.

This acquisition is a major step in achieving our vision of being a Global Consumer Group," said GraceKennedy

Group CEO, Don Wehby. "La Fe was attractive to us for several reasons, including its distribution channels across the East Coast USA and its strong relationships with blue-chip retailers across the US. The company has operations in Moonachie, New Jersey; Miami, Florida and Raleigh, North Carolina, with brand and distribution presence in the New York/Tri-state area, Florida, Georgia and the East

Coast. Our international business started with the Jamaican diaspora. We have served them proudly for a very long time, and we will now be able to serve them even better, while catering to a new market for GraceKennedy as well. We are very excited about this acquisition, which we anticipate will be

a serious game changer for our Food Distribution Network," he said.

This strategic acquisition gives GraceKennedy the ability to own its route to market in the USA, and presents an opportunity to reach out to consumers in the Hispanic Market. GK Foods CEO, Michael Ranglin, is also excited about the road ahead. "Among the advantages are La Fe's manufacturing and distribution capability which can immediately be leveraged. We

have also long recognized that the Hispanic food and beverage market, is one of the largest growing segments in the food market in the United States. We see this as providing a significant opportunity for growth."

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ENCONA HEATED THINGS UP FOR 2014!

What a year 2014 was for the Encona Sauces brand in the UK!

In a challenging year for the table sauces category, Encona made a real splash with its first national TV advertising and programme sponsorship. The seven month 'Hot or Sweet' campaign kicked off in February 2014, with the 30 second advert airing 927 times and reaching 22.6 million adults. The advert used real Encona fans to promote the message of Hot vs. Sweet, and aired on Channel 4, More 4 and the Good Food Channel, sponsoring some of the UK's most popular food programmes including Come Dine With Me and Sunday Brunch.

2014 was also the year Encona launched its first new sauce since 2012. Brazilian BBQ Sauce gained widespread coverage across consumer and trade magazines during the summer, tapping into widespread World Cup fever for all things Brazilian.

Brazilian BBQ has become the fourth best-selling variant for the Encona brand – a testament to Enco Products' innovation and commitment to brand development.

Interestingly, Encona is holding its own, being carried in over 120 stores in Moscow, Russia! Leading the charge is Azbuka Vkusa retailer with all 50 of their Moscow stores stocking Encona. They are also beginning to stock Grace Coconut Milk.

The most recent listing in Russia is with Globus Hypermarkets, stocking both Encona and Coconut Milk. This is a real breakthrough in a challenging market.

GLOBAL CATEGORY MANAGEMENT UNIT CREATED TO SUPPORT GRACEKENNEDY'S INTERNATIONAL GROWTH

In March of 2014, a major unit was created within GraceKennedy to support the internationalization of its Foods business. The Global Category Management Unit (GCMU) was formed to 'develop and implement cohesive global brand strategies to drive profitable growth of Grace brands, informed by consumer insights, in collaboration with Divisional SBUs and other stakeholders.'

The team, spearheaded by Senior General Manager, Andrea Coy is responsible for determining long and short term objectives to grow the Grace brand within markets in collaboration with market teams, developing plans to achieve these objectives, conducting market research and monitoring the implementation and effectiveness of plans agreed. The unit, which describes itself as the "engine of innovation", also manages Supply Chain through strategic sourcing.

The Unit has placed Grace Foods' products under the categories of Beverages, Fish and Meats, Sauces, Spices and Seasonings, and General Grocery, with Global Category and Assistant Global Category Managers based in Jamaica and abroad, assigned to each area. A Chief Innovation Officer, Global Chief Category Officer and Chief Supply Chain Officer also reside within the GCMU, as well as several other members who carry out functions ranging from compliance and product development, to logistics.

"GCMU will be a significant resource in helping GraceKennedy to go global, and as such we have placed a great team in place to focus on the areas which we know will take us closer to that goal. Although the unit is new, the team is focused and we have found our stride. We are confident that through our collective efforts the company's objectives will be achieved," said Mrs Coy.



Wendy Annual Report 2014

| Grace at Penn Relays, the oldest and largest track and field competition in the United States.



GRACE SPICES UP TORONTO JERK FEST 2014

The annual Jerk Festival held in Centennial Park, Toronto from August 9 – 10, 2014, got a spicy boost with Grace becoming presenting sponsor of the event.

Joining in the mix as corporate sponsors for the weekend event were Grace Island Soda and Western Union.

GraceKennedy Ontario's Marketing Manager Janice Harada explained the rationale for joining with the event's organizer, Anthony Plummer, to present Jerk Fest. "Over the years, the Grace brand has been synonymous with Jerk festivals held in the USA. We felt that with Grace as the dominant Caribbean brand in Canada, it would be ideal for us to partner with the promoters of this event which attracts a combination of our loyal, core community from the Caribbean and other ethnic groups as well as mainstream consumers who are interested in jerk cuisine," she said.

The event was a huge success with over 60,000 people in attendance.

The event generated a huge buzz online. Over a million people, hungry for information about the festival, visited the event's website, temporarily leading to its crash!

Team GK Ontario is looking forward to being a part of the event again which promises to be bigger and better in 2015.

| "Mmmmm... Grace is sooo deliciously good!"

GRACEKENNEDY, THROUGH GRACE AND STAFF, OPENS STATE OF THE ART S.T.E.M CENTRE IN KINGSTON, JAMAICA

In addition to its five homework centres, GraceKennedy, through its Grace and Staff Community Development Foundation, on November 24, 2014, established a state of the art Science, Technology, Engineering and Mathematics (S.T.E.M) Centre to serve the young people within its programme. The Centre, located on Water Lane in Parade Gardens, Kingston, Jamaica, was made possible through an MOU signed in October 2011 between Grace and Staff and the United States Agency for International Aid (USAID). That MOU provided Grace and Staff with just over US \$440,000 to be used to expand the operations and offerings not only of the Grace and Staff Homework Centres, but other areas, including skills training and workforce development.

The S.T.E.M Centre, established at a cost of J\$18M, will prepare students for external exams (CSEC & CAPE) and S.T.E.M careers through the introduction to new technologies, for example, robotics, in an environment conducive for studying and research. The 2000 plus square foot Centre boasts a computer lab for animation, an electronics lab for robotics, a 3D printing and design facility, a study/ homework prep area, a multi-subject lab (Physics, Chemistry & Biology) and a lab prep room.

GRACEKENNEDY REVIVES POPULAR JAMAICAN BIRTHRIGHT PROGRAMME

After being on hiatus for a period of six years, GraceKennedy announced in July of 2014, that it would be reviving its Jamaican Birthright programme. The programme initially started in 2004 with the aim of giving second and third generation university students internships at GraceKennedy in Jamaica, exposing them to a diversified Jamaican experience through music, social activities and professional tutelage.

“The programme started in 2004 and was hugely successful. Everyone is excited that it’s coming back, and we’re excited to be doing it again. The response has been great so far,” said Executive Director of the GraceKennedy Foundation, Caroline Mahfood, who has oversight for the project. She continued, “We’re very proud to offer a programme that provides cultural and professional internship geared at highlighting all aspects of Jamaican life, while furthering the career goals of the selected candidates. It will give successful candidates a well-rounded Jamaican experience.”

Applications are open to second and third generation Jamaicans (of Jamaican parentage or grand parentage) between the ages 18 – 25 years, who have not lived in Jamaica for more than six months, and who are seeking an opportunity to learn and earn in Jamaica. They must be pursuing either an undergraduate or graduate degree and must have a Grade ‘B’ average or higher. Four persons – two from the United States and one from the United Kingdom and Canada – will be chosen to receive an all-expenses paid four week trip to Jamaica to participate in the Birthright Programme for 2015. GraceKennedy Limited will host the four university students from July 4 – August 6, 2015, giving them hands-on experience in their chosen career fields.

| Grace, Caribbean taste enjoyed worldwide! Grace on show at the 9th Edition of the Latin American Food Show in Mexico City.



GK BELIZE MOVING CLOSER TO THE END CONSUMER THROUGH A DEDICATED AND COMMITTED TEAM

No journey is too far, no terrain too mountainous and no village too remote. Weekends and public holidays aren't off limits when it comes to Team GK Belize moving closer to its consumers.

As part of GK Belize's quarterly customer-focused promotion, "Village Blitz/Grace in Your Home" (2014), volunteers from the company left Belize City to travel to villages outside of the popular municipalities. During these village treks, the teams visited established and potential customers at small shops in their effort to carry out sales, marketing and new product promotional activities. The Village Blitz included branding the stores with posters and other point of purchase materials, promoting new products and offering trade deals. The company representatives also spent time talking with shop owners.

After leaving the small shops, the GK Belize volunteers visited an average of five homes in proximity to the shops, asking householders to participate in an informal survey on matters ranging from the products in their pantry, to desired new products. After the informal survey, the householders were rewarded with a new product which is part of the promotion.

General Manager, GK Belize, Marcello Blake advised that it was through these interactions with customers that GK Belize successfully sourced and launched Grace Condensed Milk and three variants of Grace Luncheon Meat namely Chicken, Ham & Pork, and Pork & Chicken in 2010. Subsequently, through additional information gleaned the company will be looking to develop a new variant - Hot & Spicy to appeal to the palate of Belizeans who prefer spicy foods.

The General Manager pointed out that much credit is due to the team at GraceKennedy Belize for the successful implementation of these activities. "GK Belize prides itself on hiring and retaining great people who will drive the success of our business by the activities that we conduct to show our customers and consumers that **'we care'**."

WE C**RE**

WE C♥RE



73 Harbour Street,
Kingston, Jamaica, West Indies



www.gracekennedy.com