



INTERIM REPORT

**(THREE MONTHS)
31 MARCH 2009**

INTERIM REPORT TO OUR STOCKHOLDERS

The Directors are pleased to present the unaudited results of the Group for the quarter ended March 31, 2009.

The Group achieved Revenues for the period of \$14,689.8 million (2008: \$13,779.4 million), an increase of \$910.4 million or 6.6%. The Net Profit Attributable to owners of the Company increased by \$247.8 million over the corresponding period of 2008, moving from \$636.7 million to \$884.5 million an increase of 38.9%. This represents earnings per stock unit of \$2.69 (2008: \$1.95).

On March 25, 2009, the Board of Directors approved an interim dividend payment to be paid on May 26, 2009 of approximately \$165 million, which represents 50 cents per stock unit.

GK Foods had a good first quarter with pretax profits exceeding that of the comparable period in 2008 by over 40%, with an increase also in revenues. The significantly improved profit position was due primarily to a more efficient organization operating with a lower cost structure. Revenues, while ahead, have been affected by consumers who have been negatively impacted by the worldwide economic downturn. This demand reduction is evident in all the markets in which we operate and although we see challenges for the remainder of 2009, we believe that the implementation of a lower cost structure, new product introductions and aggressive marketing will lead to continuing improvements as the year progresses.

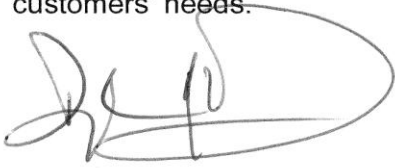
For the first quarter, we launched the Grace Quick Cook porridges (hominy, plantain and peanut flavours) and Grace Blends, an exciting range of sorrel-based beverages using Jamaican grown sorrel. The construction of our new distribution centre in Spanish Town is progressing well and should be completed by the end of the year.

GK Investments recorded generally good results for the quarter, with the overall results ahead of the prior year. Revenues were 10% above the prior year and pre-tax profits exceeded the 2008 period by over 20%, driven by strong results from the Money Services and Insurance segments and a creditable performance by the Banking & Investments segment. The Retail segment experienced a decline as Hardware & Lumber Ltd. continues to be faced with a major recession in the construction industry. This company is in the process of implementing various initiatives to clear excess inventories, improve efficiencies and reduce costs in order to reverse the decline.

In February, First Global Bank Ltd. finalized agreements with the International Finance Corporation, a member of the World Bank Group, for a US\$10 million loan and a US\$10 million injection for preference shares equivalent to a 20% equity holding. This new relationship has strengthened the Bank's balance sheet allowing it to expand more rapidly, and to be more robust in charting its way through the current global crisis.

Demonstrating our commitment to young people, the GraceKennedy Group and the Inter-Secondary School Sports Association (ISSA) worked together to ensure the successful staging of the 2009 GraceKennedy/ISSA Boys and Girls Championships in April. Some 2,300 athletes from over 100 schools participated in the event, which was attended by approximately 35,000 spectators over the four days.

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

A handwritten signature in black ink, appearing to read 'D. Orane', enclosed within a large, stylized oval shape.

Douglas R. Orane
Chairman & Chief Executive Officer

May 14, 2009

GraceKennedy Limited
CONSOLIDATED INCOME STATEMENT
QUARTER ENDED 31 MARCH 2009
(Unaudited)

	3 months to 31/03/2009 \$'000	3 months to 31/03/2008 \$'000
Revenue	14,689,783	13,779,428
Expenses	13,831,424	12,939,132
	858,359	840,296
Other income	402,388	177,895
Profit from Operations	1,260,747	1,018,191
Interest income – non-financial services	112,874	94,721
Interest expense – non-financial services	(135,435)	(145,729)
Share of results of associated companies	95,975	55,881
Profit before Taxation	1,334,161	1,023,064
Taxation	(400,249)	(327,380)
NET PROFIT FOR THE PERIOD	933,912	695,684
Profit attributable to:		
Owners of GraceKennedy Limited	884,468	636,722
Non-controlling interests	49,444	58,962
	933,912	695,684

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

Basic	\$2.69	\$1.95
Diluted	\$2.68	\$1.94

GraceKennedy Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTER ENDED 31 MARCH 2009
(Unaudited)

	3 months to 31/03/2009 \$'000	3 months to 31/03/2008 \$'000
Profit for the period	933,912	695,684
Other comprehensive income:		
Foreign currency translation adjustments	166,481	84,597
Fair value gains/(losses)	425,568	(272,715)
Revaluation (losses)/gains	(53,530)	141,300
Other comprehensive income for the period, net of tax	538,519	(46,818)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,472,431	648,866
Total comprehensive income attributable to:		
Owners of GraceKennedy Limited	1,393,547	588,988
Non-controlling interests	78,884	59,878
	1,472,431	648,866

GraceKennedy Limited


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2009

(Unaudited)

	MARCH 2009 \$'000	DECEMBER 2008 \$'000	MARCH 2008 \$'000
ASSETS			
Cash and deposits	9,506,564	7,698,399	6,840,250
Investment securities	44,316,733	46,835,527	41,414,855
Receivables	9,740,491	8,567,839	8,445,962
Inventories	5,578,819	5,582,398	4,979,301
Loans receivable	10,414,119	9,389,004	5,942,462
Taxation recoverable	553,878	652,278	650,589
Investments in associates	772,647	851,331	807,964
Intangible assets	2,399,953	2,486,997	2,476,917
Fixed assets	4,680,888	4,198,367	3,181,405
Deferred tax assets	790,454	659,309	261,308
Pension plan asset	7,304,330	7,165,149	6,721,665
Total Assets	96,058,876	94,086,598	81,722,678
LIABILITIES			
Deposits	14,641,675	13,942,768	13,669,151
Securities sold under agreements to repurchase	28,075,145	27,258,533	23,411,896
Bank and other loans	13,150,817	14,715,491	7,740,323
Payables	12,653,700	11,991,771	10,768,778
Taxation	319,418	278,098	270,134
Provisions	9,894	13,770	7,720
Deferred tax liabilities	2,141,338	2,036,831	2,124,614
Other post-employment obligations	1,747,828	1,659,160	1,432,355
Total Liabilities	72,739,815	71,896,422	59,424,971
EQUITY			
Capital & reserves attributable to the company's owners			
Share capital	553,879	553,879	455,417
Capital and fair value reserves	2,111,155	1,741,106	3,432,808
Retained earnings	16,328,769	15,444,301	14,201,623
Reserve funds	776,884	776,884	776,884
Other reserves	2,039,628	1,900,345	1,796,644
	21,810,315	20,416,515	20,663,376
Non-controlling interests	1,508,746	1,773,661	1,634,331
Total equity	23,319,061	22,190,176	22,297,707
Total Equity and Liabilities	96,058,876	94,086,598	81,722,678

Approved for issue by the Board of Directors on 14 May 2009 and signed on its behalf by:



 Douglas Orane Chairman



 Fay McIntosh Chief Financial Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTER ENDED 31 MARCH 2009

(Unaudited)

	Attributable to owners of the company							Non-controlling interests	Total Equity
	No. of Shares	Share Capital	Capital and Fair Value Reserve	Retained Earnings	Reserve Fund	Other Reserves	Total		
			\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2008	326,135	419,739	3,564,283	13,564,901	776,884	1,712,710	20,038,517	1,574,453	21,612,970
Total comprehensive income for the period	-	-	(131,415)	636,722	-	83,681	588,988	59,878	648,866
Issue of shares	1,413	42,215	-	-	-	-	42,215	-	42,215
Purchase of treasury shares	(86)	(6,537)	(60)	-	-	-	(6,597)	-	(6,597)
Employee share option scheme	-	-	-	-	-	253	253	-	253
Balance at 31 March 2008	327,462	455,417	3,432,808	14,201,623	776,884	1,796,644	20,663,376	1,634,331	22,297,707
Balance at 1 January 2009	329,154	553,879	1,741,106	15,444,301	776,884	1,900,345	20,416,515	1,773,661	22,190,176
Total comprehensive income for the period	-	-	370,049	884,468	-	139,030	1,393,547	78,884	1,472,431
Employee share option scheme	-	-	-	-	-	253	253	-	253
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(343,799)	(343,799)
Balance at 31 March 2009	329,154	553,879	2,111,155	16,328,769	776,884	2,039,628	21,810,315	1,508,746	23,319,061

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED 31 MARCH 2009

(Unaudited)

	31/03/2009 \$'000	31/03/2008 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Profit for the period	933,912	695,684
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(1,943,698)	2,672,775
Cash (used in)/provided by operating activities	(1,009,786)	3,368,459
Cash used in financing activities	(2,691,519)	(1,606,285)
Cash provided by/(used in) investing activities	4,972,637	(2,043,734)
Increase/(Decrease) in cash and cash equivalents	1,271,332	(281,560)
Cash and cash equivalents at beginning of year	6,404,256	6,251,787
Exchange and translation gains on net foreign cash balances	371,466	24,008
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,047,054	5,994,235

GraceKennedy Limited

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

3 months to 31 March 2009	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	8,648,386	1,766,890	1,944,823	1,265,862	1,063,822	-	14,689,783
Inter-segment sales	54,854	3,331	17,284	4,945	-	(80,414)	-
Total Revenue	8,703,240	1,770,221	1,962,107	1,270,807	1,063,822	(80,414)	14,689,783

RESULT							
Segment Result	308,247	(24,128)	257,082	177,340	353,095	48,796	1,120,432
Unallocated income	-	-	-	-	-	140,315	140,315
Profit from operations	-	-	-	-	-	-	1,260,747
Finance income	536	6,949	23,501	14,288	26,446	41,154	112,874
Finance expense	(44,357)	(42,767)	(8,146)	(2,995)	(895)	(36,275)	(135,435)
Share of associates	72,025	4,369	17,396	2,674	(489)	-	95,975
Profit before Taxation	336,451	(55,577)	289,833	191,307	378,157	193,990	1,334,161
Taxation							(400,249)
Net Profit for the period							933,912

Attributable to:

Owners of GraceKennedy Limited	884,468
Non-controlling interests	49,444
	933,912

3 months to 31 March 2008	Food Trading \$'000	Retail & Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
REVENUE							
External sales	8,278,631	2,074,492	1,400,090	1,158,919	867,296	-	13,779,428
Inter-segment sales	14,102	4,308	24,335	11,671	-	(54,416)	-
Total Revenue	8,292,733	2,078,800	1,424,425	1,170,590	867,296	(54,416)	13,779,428

RESULT							
Segment Result	246,952	72,738	236,158	95,729	220,693	17,748	890,018
Unallocated income	-	-	-	-	-	128,173	128,173
Profit from operations	-	-	-	-	-	-	1,018,191
Finance income	5,335	6,788	17,596	12,035	22,360	30,607	94,721
Finance expense	(63,149)	(23,052)	(14,517)	154	(1,297)	(43,868)	(145,729)
Share of associates	45,190	2,341	6,204	2,493	(347)	-	55,881
Profit before Taxation	234,328	58,815	245,441	110,411	241,409	132,660	1,023,064
Taxation							(327,380)
Net Profit for the period							695,684

Attributable to:

Owners of GraceKennedy Limited	636,722
Non-controlling interests	58,962
	695,684

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS QUARTER ENDED 31 MARCH 2009

Notes

1. Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, as modified by the revaluation of certain fixed and financial assets.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2008 with the exception of the revision to IAS 1 – Presentation of Financial Statements and the adoption of IFRS 8 – Operating Segments.

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

These financial statements are presented in Jamaican dollars unless otherwise indicated.

(b) Fixed Assets

All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. All other fixed assets are carried at cost less accumulated depreciation.

(c) Intangible Assets

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Other intangible assets, which include computer software licences, brands, distribution channel agreements and policy contracts are recorded at cost and amortised over their estimated useful lives.

(d) Investment securities

The Group classifies its investments in debt and equity securities into the available-for-sale and loans receivable categories. Available-for-sale investments are subsequently re-measured at fair value. Unrealised gains and losses arising from changes in the fair value of these investments are recorded in the Capital and fair value reserve. Loans receivable financial assets are subsequently re-measured at amortised cost.

(e) Employee benefits

(i) Pension plan assets

The Group operates a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

(ii) Other post-retirement obligations

Some Group companies provide post-retirement health care benefits, group life, gratuity and supplementary plans to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(iii) Equity compensation benefits

The Group operates an equity-settled, share-based compensation plan. Share options are granted to management and key employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of non-market vesting conditions.

(f) Deferred taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(g) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within bank and other loans in liabilities on the balance sheet.

(i) Segment reporting

The principal activities of the company, its subsidiaries and its associated companies (the Group) are as follows:

- *Food Trading* – Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; operation of a chain of supermarkets.
- *Retail and Trading* – Merchandising of agricultural supplies, hardware and lumber; institutional and airline catering; automotive dealership.
- *Banking and Investment* – Commercial banking; investment management; lease and trade financing; stock brokerage; pension management; property rental; mutual fund management.
- *Insurance* – General insurance and insurance brokerage.
- *Money Services* – Operation of money transfer services; cambio operations and bill payment services.

(j) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of new IFRS, as well as, amendments to and interpretations of existing IFRS.