

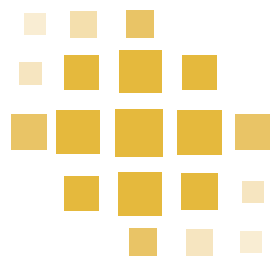


Building a Brighter Future

2012 ANNUAL REPORT

30





OBJECTIVES

- develop ideas re. ‘Appropriate Education’ through research
- encourage appropriate fundamental change
- widen the impact of outreach
- seek co-operation with other agencies

The Foundation attempts to put into practice the accepted principles of charitable giving as an expression of GraceKennedy’s corporate policy of contributing to worthwhile causes in the community.

By focusing on two main areas of interest - Education and the Environment - the Directors have established a structured approach to consider requests for assistance. The trend has been to emphasise education (human resource development) and projects with a developmental ingredient in “the exercise of practical benevolence towards people.” *

The Directors make continuous assessments of the effectiveness of the Foundation’s grants in relation to national needs and carry out an annual review of its programmes and projects.

* Philosophy and Social Welfare in Jamaica, Patrick. E. Bryan, ISER, UWI, Mona Jamaica

Vision

GraceKennedy Foundation will have a positive impact on the quality of people’s lives.

Mission

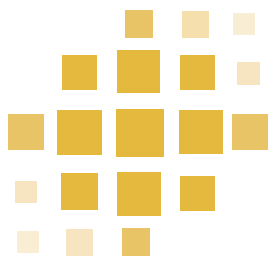
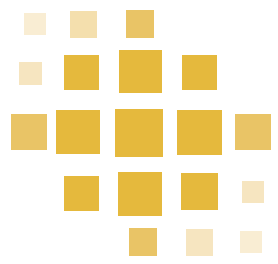
GraceKennedy Foundation actively promotes well being, primarily by supporting educational and environmental programmes and processes.



Children at the VOUCH Basic School

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Message from the Group CEO, GraceKennedy Ltd.

Don Wehby



In the tradition of the former leadership I, too, pledge GraceKennedy's continued support to the Foundation. I congratulate the Board and staff of the GraceKennedy Foundation whose consistent hard work, commitment and sensitivity to the needs of our nation have secured the loyalty and admiration of Jamaicans, both at home and within the Diaspora.



Former GraceKennedy CEOs Rafael Diaz and Douglas Orane with current Group CEO, Don Wehby.

2012 was a significant anniversary for GraceKennedy and the Foundation. It was a year of celebration and reflection, and it led me to consider the legacy that we received from those who laid the foundation and built the company into the successful corporate entity it is today.

It was therefore fitting that as part of our 90th anniversary celebrations, that we established the Douglas Orane and Rafael Diaz scholarships. I was pleased that this took place on my watch, as both these men have been my mentors and outstanding examples to me in their commitment to the development of the youth of Jamaica. A heart-warming moment was our meeting with Chad Gayle, the Douglas Orane scholar, and Shana-Kay Graham the Rafael Diaz scholar, along with the other young people who were awarded scholarships for 2012.

The 2012 GraceKennedy Foundation lecture was an emotional and proud one for me. It was a celebration of GraceKennedy's 90th anniversary as well as the 30th anniversary of the Foundation. It led me to appreciate even more, the national significance of the company I have the privilege to lead. Jimmy Moss-Solomon's presentation was an excellent synopsis of the company's path over our 90-year history. He concluded that GraceKennedy's success was due to the fact that it had stuck to its belief of "What is good for Jamaica is good for GraceKennedy."

"Without a doubt, the work of the GraceKennedy Foundation has provided the company with an important asset that continues to generate enormous goodwill..."

I am also proud of the outstanding research and innovation produced by Professors Ian Boxill and Dale Webber – the holders of the GraceKennedy-funded Chairs at The University of the West Indies. It is impressive to see that the work being conducted by them is opening new areas for the development of viable business opportunities for our country, while ensuring the protection and preservation of our beautiful environment.

Without a doubt, the work of the GraceKennedy Foundation has provided the company with an important asset that continues to generate enormous goodwill and respect in today's competitive business environment. The longevity of the Foundation demonstrates GraceKennedy's time-honoured philosophy of caring and commitment to country.

Message from the Chairman, GraceKennedy Ltd.

Douglas Orane



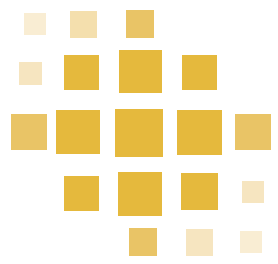
Thirty years is an outstanding milestone for any entity and I congratulate the leadership of the Foundation for consistently expanding the Foundation's offerings and significantly increasing its impact. I am particularly pleased with the successful relationships that we have established with a number of educational institutions – The University of the West Indies, University of Technology, Jamaica, The Edna Manley College of the Visual and Performing Arts as well as a number of high schools across the island.

Since its inception, the Foundation has benefitted from the leadership of outstanding Jamaicans. Our current Chair, Professor Elsa Leo-Rhynie, has continued to lead with distinction.

My congratulations to the Board of Directors of the GraceKennedy Foundation for having established an outstanding example of philanthropy for other corporate entities to emulate.



GraceKennedy Foundation Team and Scholars 'Meet and Greet' with GraceKennedy's former and current CEOs.



My role as Chair of the GraceKennedy Foundation has provided me with the wonderful opportunity of working with an organization that changes lives through educational and environmental programmes, thus impacting not only the direct beneficiaries but also their families, communities and ultimately the nation.

I am proud to be at the helm during the celebration of the Foundation's 30th anniversary, an important milestone which provides the opportunity to reflect on the tradition of leadership which I inherited. The first Chairman of the Foundation, Sir Herbert Duffus, one of the most illustrious members of the justice system in Jamaica, set the Foundation on a path of excellence geared to respond to the educational needs of the country. His successor, Professor Gladstone Mills, an outstanding civil servant, widened the scope of the Foundation encouraging national dialogue. The third Chairman, Peter Moss-Solomon, my immediate predecessor, guided the financial management of the Foundation, enabling it to expand its programmes and withstand unexpected economic challenges.

I consider it an honour to have been placed in the company of three distinguished Jamaicans on whose shoulders I stand and am committed to continuing the tradition of service for which the Foundation is acclaimed.

The Foundation has been able to carry out its programmes of national development through the generosity and support of our parent company, GraceKennedy. We are grateful for the buffer that this provides in the trying economic environment in which we operate.

On behalf of the Foundation's Board of Directors, I express our appreciation to the leadership of GraceKennedy for their unfailing encouragement and goodwill towards our efforts.

Message from the Chair, GraceKennedy Foundation
Professor Elsa Leo-Rhynie

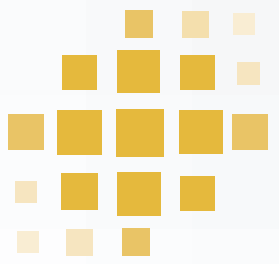


"I consider it an honour to have been placed in the company of three distinguished Jamaicans on whose shoulders I stand and am committed to continuing the tradition of service for which the Foundation is acclaimed."



Presentation to the Central Jamaica Reading Association

Our Former Chairmen



**PETER MOSS-SOLOMON
(2002-2008)**

" I do not think any of us involved in the establishment of the Foundation had any idea of the path that the Foundation would take, but we are all proud of how the vision has developed."

(GKF Annual Report 2010)

**PROF. GLADSTONE MILLS
(1989-2002)**

" Major emphasis was again placed on the contributions towards the improvement of education and the development of social and community services - areas of great need currently in Jamaica."

(GKF Annual Report 1990)

**SIR HERBERT DUFFUS
(1982-1989)**

" The Foundation intends to pursue a policy of granting aid to such projects and institutions which are committed to improving conditions for the people of Jamaica, with special emphasis on assistance to the less privileged."

(GKF Annual Report 1992)

Message from the Board of Directors

The celebration of three decades of service to the nation is a significant achievement of which the Foundation is justifiably proud. This auspicious occasion was marked jointly with our parent company as it celebrated its 90th anniversary. As part of the anniversary celebrations, Group Chief Executive Officer, Don Wehby, announced the establishment of two tertiary scholarships in honour of Rafael Diaz and Douglas Orane, former Chairmen and CEOs of the company.

2012 Lecture

The 2012 lecture entitled, “Jamaica & GraceKennedy: Dreams Converging, Roads Diverging” was presented by former GraceKennedy Director James Moss-Solomon. It was used as an opportunity to review important landmarks and strategic directions taken by the company over the past 90 years. The lecture, which provided much food for thought, was enthusiastically received by an audience of over 600 persons.

The occasion of the lecture was also used as an opportunity to recognise and honour individuals who had provided outstanding support to the Foundation, particularly the lecture, over several years. They included: former Executive Directors Marjorie Humphries and Patricia Robinson; founding Chairman of the Lecture Committee, Rev. Sam Reid; current Foundation Chair, Elsa Leo-Rhynie, who for several years has written the introduction for the lecture book; Charmaine McKenzie, editor of the lectures since 2002; Carol Gray of Old Mountain for the décor; Corina Meeks and Maxine McDonnough of Creative Projects, who provided public relations services for over 20 years; and Junior Beckford, the longest serving service provider for the Lecture Series. He has video taped every lecture since the inception, thus providing us with an invaluable audio-visual archive of these presentations.

Graduates

Our heartfelt congratulations to 2012 graduates Samantha Allen and Francois Graham. Samantha Allen (2008 Utech Scholar) graduated with Upper Second Class Honours, Bachelor of Science in Computing and Information Technology, with a Major in Information Technology and a Minor in Enterprise Systems. Francois Graham (2009 Bruce Rickards Scholar) graduated with a Bachelor of Science Degree in Computing with Honours.

Scholarships

Congratulations to scholarship awardees for the 2012/2013 academic year. The GraceKennedy Open Scholar is Shanique Rose, a graduate of St. Catherine High, who is currently pursuing actuarial science at UWI. St. Jago graduate Shantel Stewart, our UTech Scholar, is pursuing a degree in computer science; Carlton Alexander Scholar, Michael-Shane Brown, is studying computer science at the UWI; Bruce Rickards Scholar, Rashaun Watson is doing a Bachelor of Science degree in International Relations at the UWI; the Douglas Orane Scholar, Chad Gayle, is pursuing chemical engineering at St Augustine, UWI; the Rafael Diaz Scholar, Shana-Kay Graham, is majoring in accounting at the UWI, and the Edna Manley Scholar Gavin Samuels is majoring in sculpture at the School of Art.

Bursaries

The Adrian Wallace Bursary was awarded to Christopher Brown, an outstanding shot-putter of Calabar High School, while Nicolene Reece of St. Andrew High School for Girls received the Faustine Sharp Bursary.



GraceKennedy Chairman, Douglas Orane makes a presentation to former Foundation Executive Director, Patricia Robinson. Erica Fagan, GKF Administrative Assistant (left), assists him.

The children of 27 GraceKennedy employees were awarded Carlton Alexander Bursaries to assist with educational expenses for the 2012/13 academic year. Seven of these awards represented first time recipients – four secondary and three tertiary. In addition, five of our students who were on the secondary programme moved into the tertiary programme. Congratulations to the parents who continue to motivate their children to excel.

At the tertiary level, the Foundation provided 32 bursaries to needy students.

Over \$12 million was spent on the scholarship and bursary programme for this academic year.

Chairs

The work of the GraceKennedy funded Chairs at the UWI demonstrated creativity, initiative and a strong awareness of the priorities of nation-building. Prof. Ian Boxill, the S. Carlton Alexander Chair in Management Studies, focused on the challenges faced by the tourist industry as well as the engagement of unattached youth through creative community tourism projects.

Prof. Dale Webber, the James S. Moss-Solomon Snr. Chair in Environmental Management, has been involved in a number of exciting projects, including the UWI Waste Water Treatment Plant Upgrade and Rehabilitation Project of which he is the Chair of the Rehabilitation Committee; the UWI Environmental Outreach Plastic Bottle Separation and Recovery Project; and the replacement of the 36-year-old hyperbaric recompression chamber with a new, modern chamber at the Discovery Bay Marine Laboratory.

The Chairs collaborated in presenting their annual reports at a press conference held at the UWI Regional Headquarters, which was in itself a new, interesting and informative initiative. We commend them for their hard work.

Partnership with the Mona School of Business and Management (MSBM)

James Moss-Solomon was appointed Executive in Residence at the Mona School of Business and Management (UWI, Mona). His practical expertise in business has provided a bridge between the private sector and the business school.

Grants

Twenty projects, representing expenditure of \$4.4 million, benefited from the Foundation’s grant-making programme. This included 22 scholarships for inner-city children as part of collaboration with the Area 4 Police Civic Committee.



Presentation of the GraceKennedy Foundation Lecture Series to the MSBM Library. L-R: Elsa Leo-Rhynie, Chair, GKF; James Moss-Solomon, Director, GKF and Executive in Residence, MSBM and Professor Paul G. Simmonds, Executive Director MSBM.



Grant handover at Craighton Primary, Irish Town.

Finances

Prudent financial management has enabled the Foundation to withstand the effects of the sliding dollar, and increases in tuition at the various institutions that our scholarship awardees attend. While the Foundation’s resources have been stretched, we have been able to finance the requirements of all our programmes. The Foundation was also able to meet its commitment of \$600,000 towards the GraceKennedy Education Run.

The Board of Directors commends the diligence and dedication of the staff of the Foundation – Caroline Mahfood, Erica Fagan, Matthew Cole and Orville Levene. We express continued gratitude to the leadership of GraceKennedy for their unfailing support and encouragement.



Board of Directors

- 1. Prof. Elsa Leo-Rhynie
- 2. Prof. Elizabeth Thomas-Hope
- 3. James Moss-Solomon
- 4. Hilary Wehby
- 5. Radley Reid
- 6. Cathrine Kennedy
- 7. Sandra Glasgow
- 8. Fay McIntosh
- 9. Noel Greenland
- 10. Philip Alexander
- 11. Caroline Mahfood
Executive Director/Secretary

The Work of the UWI Chairs

UWI Professorial Chairs – Making an impact in Jamaica and the Caribbean region

The annual reports for the 2011/2012 academic year by the GraceKennedy Foundation funded Chairs – the S. Carlton Alexander Chair in Management Studies and the James S. Moss-Solomon Snr. Chair in Environmental Management – were presented at the Mona Campus in November 2012.

Vice Chancellor of The University of the West Indies, Professor Nigel Harris, expressed gratitude to the GraceKennedy Foundation for its outstanding support of the institution for over three decades. This support, he said, had benefitted Jamaica through the development of programmes and research critical to sustainable regional development.

GraceKennedy CEO Don Wehby expressed his pride in his company’s association with the University, and noted that over the 30 years GraceKennedy, through the GraceKennedy Foundation, had donated some \$50 million to the establishment and development of the two Chairs, and consequently contributed significantly to the education and training of professionals in a variety of fields.

The reports presented by the Chairs demonstrated the creative and dynamic approach to the contemporary issues challenging modern communities with sustainable development being the primary objective. Professor Ian Boxill, holder of the S. Carlton Alexander Chair in Management Studies, outlined the major projects undertaken by the Centre for Tourism and Policy Research which champions the sustainable development of the region’s tourism industry.

Among the highlights of the year’s programme was the tourism-focused research conducted by several Ph.D. candidates as well as by the faculty. Of particular note were publications which addressed: (i) the impact of terrorism on tourism; (ii) the cruise ship industry; and (iii) air travel. Professor Boxill also reported on the August Town Community Project in which the Centre explored new approaches to community tourism.

The project sought to engage a number of unattached youth who were encouraged to document, through the medium of film, various aspects of their community. “August Town has rich history and a long association with the UWI, which has

helped to stabilize the community. We learnt a great deal from community members who take pride in their community, and were amazed at the creativity and aptitude that the young men involved in the project displayed. The members of the Jamaican film industry with whom we shared their work were equally impressed by the genius of some of the young men,” noted Professor Boxill. The Centre also successfully staged the inaugural Responsible Tourism Award Ceremony which saw awards going to the Sandals Hotel Chain, Jakes Resort and Dolphin Cove, among others.

Professor Dale Webber reported that, “The work of the James S. Moss-Solomon Snr. Chair in Environmental Management continues to be important in teaching, learning, research and innovation and has been of service to the UWI community and governments across the Caribbean... as we impact the Jamaican environmental landscape and the ocean and coastal zone management in the region.” Projects implemented over the year included the UWI Environmental Outreach Plastic Bottle Separation and Recovery Project which embraced 28 schools in the corporate area and two in rural Jamaica, the St. Mary Parish Council and the University of Technology, Jamaica. In total, the project has 762 receptacles – 342 on the UWI campus and 420 over selected communities. They facilitate the creation of a data base from which management information and scientific publications are being generated.

Other initiatives highlighted by Professor Webber were the UWI Waste Water Treatment Plant Upgrade and Rehabilitation and the acquisition of a new hyperbaric chamber at the Discovery Bay Marine Laboratory, the most modern in the Caribbean. He observed that the primary users of the chamber are tourists and fishermen who have diving accidents. In addition, the Environmental Management Centre continued its teaching of M.Phil. and Ph.D. students.



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1. L -R: Prof. Elsa Leo-Rhynie, Chair, GKF; Don Wehby, Group CEO, GraceKennedy; Prof. Gordon Shirley, Principal UWI, Mona Campus; Prof. Ian Boxill, S. Carlton Alexander Chair in Management Studies; Prof. Nigel Harris, Vice Chancellor, UWI and Prof. Dale Webber, James Moss-Solomon Sr. Chair in Environmental Management.
2. Prof. Dale Webber presents a recycling bin to Don Wehby, Group CEO, GraceKennedy. Looking on are Prof. Ian Boxill (2nd from the left) and Prof. Nigel Harris, Vice Chancellor, UWI. (right).
3. Prof. Elsa Leo-Rhynie listens keenly to what Prof. Gordon Shirley has to say.

GraceKennedy Foundation Lecture 2012

Reflecting on the past and the path for the future

The year 2012 marked two special milestones – the 90th anniversary of GraceKennedy and the 30th anniversary of the GraceKennedy Foundation. The Board of the Foundation therefore considered it fitting that the lecture focus the nation’s attention on the growth and development of a truly Jamaican company. James Moss-Solomon, son of one of the founding fathers and company historian, was the obvious choice as the lecturer for this momentous year.

Entitled “Jamaica & GraceKennedy: Dreams Converging, Roads Diverging”, Mr. Moss-Solomon referred to the research as “an effort to mentally retrace the major thematic crossroads that Jamaica and GraceKennedy have both faced.” The 10 points of focus in this comparative analysis were – invoking self-determination; pursuing private initiative; prioritizing human capital development; engaging the small man; grasping opportunities quickly and decisively; diversification; strategic use of geography; requiring accurate information; defending integrity and vigilantly protecting long-term interests.

He concluded that GraceKennedy’s success was due to the fact that over its history it had stuck to its belief of “What is good for Jamaica is good for GraceKennedy.”

The lecture was well received by an enthusiastic audience and generated a passionate and insightful discussion during the question and answer section.

The lecture was the most well-attended to date attracting an audience of over 600 persons comprising students, academics, the business community and the wider public. It was a proud moment for the Foundation and the company.

Hard copies of the lecture book can be purchased from the Foundation and PDF versions of the lecture series are available online at <http://www.gracekennedy.com>



James Moss-Solomon delivers his lecture on “Jamaica & GraceKennedy: Dreams Converging, Roads Diverging”

The GraceKennedy Foundation Lecture Series

Enriching the Cultural and Intellectual Life of the Nation

The GraceKennedy Foundation Lecture Series, now in its twenty-fourth year, is one of the longest-running and most broad-based public lecture series in Jamaica. The brainchild of founding director Rev. C.S. Reid, the series was inspired by the Reith Lecture Series aired on BBC Radio. The lecture has been extremely successful in its intent to foster thought and discussion on issues that are important to the development of the nation and region.

The series has enjoyed the distinction of attracting some of the most brilliant and distinguished Jamaicans to address the challenging topics that have been the subject of our lectures. The inaugural lecture was presented by the Hon. G. Arthur Brown, the first Jamaican to be appointed Governor of the Bank of Jamaica. He was followed by former Vice Chancellor of The University of the West Indies, Sir Alistair McIntyre.

Since then The University of the West Indies has proved fertile ground for the sourcing of lecturers, including Professors Elsa Leo-Rhynie, Elizabeth Thomas-Hope, Don Robotham, Patrick Bryan, Barry Chevannes and Dr. Neville Ying. They have explored subjects ranging from human resource management, political and economic development, sustainability and the environment, voluntarism, workplace dynamics, the Jamaican male identity and the family structure.

Lectures have also been presented by musicologist Marjorie Whyllie; trade unionist Lloyd Goodleigh; attorneys Dennis

Morrison and Delano Franklyn; Ambassadors Don Mills and Richard Bernal and GraceKennedy’s own James Moss-Solomon and Frances Madden, among so many other outstanding Jamaicans.

A number of the lectures, particularly those in the area of social and family research have been recognized as seminal pieces in their field. These include The Jamaican Family: Continuity and Change (1993) by Elsa Leo-Rhynie; Vision and Voluntarism (1998) by Don Robotham and Children Caught in the Crossfire (2006) by Maureen Samms-Vaughn.

The lecture has long been an important avenue for public education. A significant facet is the discussion period that follows each presentation. The discourse is always insightful and passionate, demonstrating the depth of interest and value that attendees place on the opportunity to contribute to the discussion.

In an effort to reach an even wider audience than the over 600 persons who attend the lecture, the Foundation provides printed copies which are distributed to all who attend, as well as to schools and public libraries and also for sale to interested individuals.

The GraceKennedy Lecture Series has become an essential element on the island’s calendar of events, and is highly valued for its role in enriching the cultural and intellectual life of the nation.



James Moss-Solomon signs copies of his lecture, “Jamaica & GraceKennedy: Dreams Converging, Roads Diverging.”



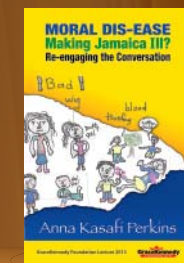
Rev. Sam Reid (left) with 2005 lecturer Marjorie Whylie (right) and a guest of the lecture.

GraceKennedy Foundation Lecture Series - The brainchild of Rev. Sam Reid



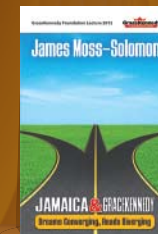
(L - R) Gladstone Mills, Rev. Sam Reid, Prof. Barry Chavannes, and Douglas Orane at the 1999 GraceKennedy Foundation Lecture.

PUBLICATIONS



2013, Dr. Anna Perkins
Moral Dis-Ease - Making Jamaica III?
Re-engaging the conversation on Morality

2012, James Moss-Solomon
Jamaica and GraceKennedy:
Dreams Converging, Roads Diverging



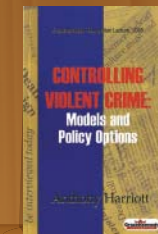
2011, Frances Madden
"It's Not About Me" - Working with Communities:
Processes and Challenges



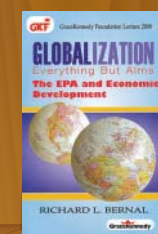
2010, Delano Franklyn
Sport in Jamaica,
A Local and International Perspective



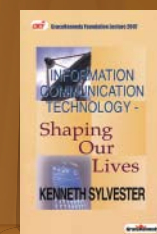
2009, Prof. Anthony Harriott
Controlling Violent Crime:
Models & Policy Options



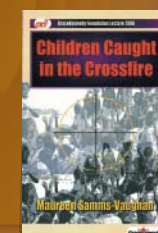
2008, Richard L. Bernal
Globalization: Everything But Alms
The EPA and Economic Development



2007, Kenneth Sylvester
Information Communication Technology:
Shaping Our Lives



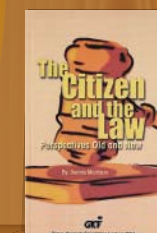
2006, Maureen Samms-Vaughn
Children Caught in the Cross Fire



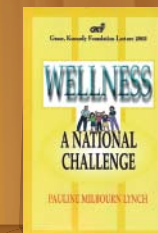
2005, Marjorie Whylie
Our Musical Heritage
The Power of the Beat



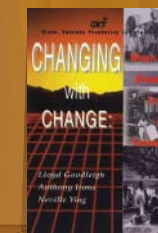
2004, Dennis Morrison O.C.
The Citizen and the Law
Perspectives Old and New



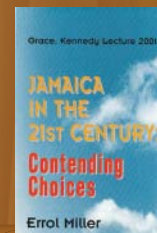
2003, Dr. Paulline Millbourn Lynch
Wellness: A National Challenge



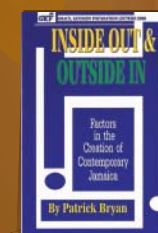
2002, Lloyd Goodleigh, Anthony Irons, Neville Ying
Changing with Change:
Workplace Dynamics Today and Tomorrow



2001, Errol Miller
Jamaica in the 21st Century:
Contending Choices



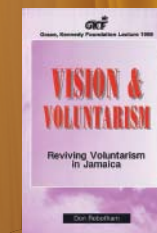
2000, Patrick Bryan
Inside Out and Outside In: Factors in the
Creation of Contemporary Jamaica



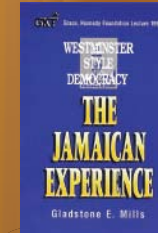
1999, Barry Chavannes
What We Sow and What We Reap:
The Cultivation of Male Identity in Jamaica



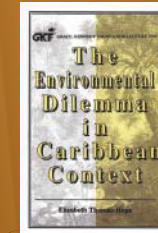
1998, Don Robotham
Vision & Voluntarism
Reviving Voluntarism in Jamaica



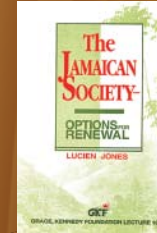
1997, Gladstone Mills
Westminster Style Democracy
The Jamaican Experience



1996, Elizabeth Thomas-Hope
The Environmental Dilemma
in Caribbean Context



1995, Lucien Jones
The Jamaican Society
Options for Renewal



1994, Keith S. Panton
Leadership and Citizenship in
Post-Independence Jamaica



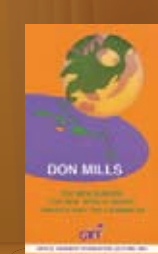
1993, Elsa Leo-Rhynie
The Jamaican Family
Continuity & Change



1992, Burchell Taylor
Free for All?
A Question of Morality and Community



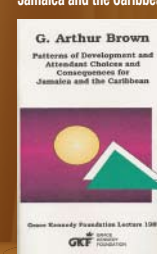
1991, Don Mills
The New Europe, the New World Order,
Jamaica and the Caribbean



1990, Alistair McIntyre
Human Resources Development:
Its Relevance to Jamaica and the Caribbean



1989, G. Arthur Brown
Patterns of Development and Attendant Choices
and Consequences of
Jamaica and the Caribbean



GraceKennedy FOUNDATION



GraceKennedy Foundation 2012/2013 Bursaries

Adrian Wallace Bursary

Christopher Brown, our 2012/2013 Adrian Wallace Bursary recipient, is an outstanding shot-putter. His talent was evident in 2010 when he became the GC Foster Invitational Bronze Medallist. The following year, Christopher upped the ante when he took the gold at the GC Foster Invitational Meet; the JC Invitational; King of the Ring Invitational; the Big Shot Invitational; the STETHS Track Meet; Vere Track Meet; and the Youngster Goldsmith Meet. Christopher was also the under-17 CARIFTA Champion and was a World Youth Trials finalist. He continued his outstanding performance in 2012, when he earned the bronze medal at the JC Invitational; was 4th place in the CARIFTA Trials and gained the silver medal at the CAC Games.

Christopher performed creditably in his academic work gaining eight subjects in CXC including: English, Mathematics, Social Studies, History, Principles of Accounts, Literature, Information Technology and Biology.

We wish Christopher and Nicolene the very best and continued success in their respective endeavours.



L-R: Caroline Mahfood, GKF, Paul Sharp, Nicolene Reece, (Faustine Sharp Bursary recipient), and Christopher Sharp conversing after the bursary presentation.

Faustine Sharp Bursary

Nicolene Reece is a responsible, hardworking and courteous student. She received a Certificate of Good Progress for her academic efforts and has repeatedly held the position of Cavel House Representative for her form. Nicolene is a member of the Debating Society, the Peer Counsellors and the Year Book Committee.

Nicolene gained eight subjects at CXC: Biology, English Language, English Literature, Geography, Mathematics, Spanish, History and Chemistry.

"The bursary will help my family as my father has been unable to work since he was stabbed during a robbery, which resulted in serious damage to his liver. His disability has made it necessary for my mother to be the sole breadwinner for our family. It has been very challenging for us."

L -R: Calvin Rowe, Vice Principal, Calabar High School, Caroline Mahfood, GKF with June Wallace, widow of Adrian Wallace, Carlene Scarlett, Christopher's mother, and Christopher Brown, the Adrian Wallace Bursary recipient.



Carlton Alexander Bursaries

The GraceKennedy Foundation spends over \$1.3 million annually in funding the Carlton Alexander Bursaries as a means of encouraging academic excellence among the dependents of GraceKennedy staff. Awards are made at the secondary and tertiary levels, beginning from entry into grade seven and are renewed annually once the student maintains, at minimum, a B average.

The children of 27 GraceKennedy employees were awarded bursaries for the 2012/13 academic year. The staff members were drawn from 11 entities within the GraceKennedy Group: JIIC, First Global Bank, GK Corporate, First Global Financial Services, GK Foods, HiLo, H & L, GraceKennedy Financial Group, Dairy Industries, GFP (Sav la Mar), and GKRS.

Of the 27 awards, seven were new bursaries – four at the secondary level and three at the tertiary level. We were very pleased that five of our students who were on the secondary programme qualified to move into the tertiary programme.

Congratulations to Carlene Holness, Consumer Services Coordinator, Grace Foods & Services on the graduation of her daughter, Chade, who completed a degree in nursing at Northern Caribbean University.

Carlene wrote a note to the Foundation which she has given us permission to publish:

Chade was awarded the Carlton Alexander Bursary during 2nd and 3rd form at Convent of Mercy "Alpha" Academy. However, her grades eroded and the following year she lost it. All was not lost as she picked up the pieces, completed her CXC's and was accepted at the Northern Caribbean University as a nursing student. We once again applied for a bursary to assist her final year tuition and she was successful. During her 4 year tenure at NCU, she never failed an examination and her GPA average remained over 3.0. She later graduated with a Bachelors in Nursing Degree and subsequently sat and passed the Jamaica Nursing Council Examinations.

In February 2013, she applied to The University Hospital of the West Indies for employment as a Registered Nurse and was successful in her pre-employment examination and interview. On March 19, 2013, she began her first day on the job as a Registered Nurse at the same hospital.



Edward Alexander (left standing) and Philip Alexander (right standing) with new Carlton Alexander Bursary awardees and their parents.

I wish to use this medium to express my formal gratitude to the Foundation for the opportunity extended to her especially for the second time around. This I believe reaffirmed her self-will and gave her the "wind beneath her wings."

The journey continues.....

Congratulations also to our GraceKennedy staff who continue to motivate their children to perform at a high standard and make us proud!



Chade Holness' first day on the job!

GraceKennedy Foundation Scholarships 2012/2013

Changing the Nation One Student at a Time

The GraceKennedy Foundation continues to effect change to the nation by facilitating higher education for several young Jamaicans each year through its scholarship programme. Seven students were awarded scholarships to pursue undergraduate programmes at The University of the West Indies (UWI), University of Technology, Jamaica (UTech), and the Edna Manley College of the Visual and Performing Arts (Edna Manley), for the 2012/2013 academic year.

Awards are based on excellent performance in the CAPE examinations and the evidence of well-developed leadership skills and a strong commitment to community service.

The 2012/2013 awardees describe what receiving their scholarships mean to them:



Shanique Rose, a graduate of St Catherine High, is this year's **GraceKennedy Open Scholar**. She is enrolled in the Faculty of Science and Technology, UWI, where she is pursuing a degree in Actuarial Science. Over the years, her family has had to struggle with a number of health and financial challenges and this has motivated Shanique to find a means of changing her family's fortunes through her own hard work and academic success. "I worried about money and how I would make it through three years of university. Being granted the scholarship has made it possible for me to achieve my dream of becoming an actuary. The fact that something as valuable as this scholarship has been bestowed upon me has given me the insatiable appetite to strive for the stars as I will be able to give back to my family, community, and Jamaica."



Shantel Stewart, **GraceKennedy's University of Technology (UTech) Scholar**, attended St. Jago High School where she served as Deputy Head Girl. She now studies Computing at the University of Technology and hopes to major in Enterprise Computing in the future. Hailing from the community of Central Village, Shantel has remained focused on her dreams in spite of living in a volatile community. According to Shantel, "Being awarded the GraceKennedy Foundation Scholarship for the University of Technology relieved me of the burden of tuition and assisted me in meeting day to day costs. Being a GraceKennedy Scholar will open many doors for me. It has given me the aid I need to attain a Bachelor's Degree and once I have completed my studies the possibilities are endless."



Michael-Shane Brown, **Carlton Alexander Scholar**, now studies Computer Science at The University of the West Indies, Mona, and is a member of the Computing Society and track and field team. Michael-Shane received numerous awards at his alma mater, Jamaica College, including the Top CSEC Student Award in 2010 and the Principal's Award. He was also involved in over 12 extra-curricular activities including Teens for Technology, Tourism Action Club, 4H Club and United Nations Club, serving as either president or a member of the executive in each. According to Michael-Shane, "The Carlton Alexander Scholarship makes it possible for me to attend school every day, purchase required material and even have proper lunches during the day. I now have a bright future ahead of me." He wants to contribute to nation building by helping young individuals master computer technology so Jamaica can contend with the most advanced nations.



Rashaun Watson - Bruce Rickards Scholar – was actively involved in numerous clubs and societies at Kingston College including the Fortis Octagon Club, Inter-School Christian Fellowship (ISCF), Sixth Form Association, Foreign Language Club, Peace for Champs Committee and the Drama Society. He was the Deputy Head Boy of Kingston College in 2011/2012 and also a junior councillor with the Kingston and St. Andrew Corporation (KSAC). He is an active member of the St. Andrew Police Youth Club and is also a member of the Waterford Seventh-Day Adventist Church. At The University of the West Indies, Mona, he is a member of the Universities and Colleges Christian Fellowship (UCCF) and Rotaract club. Rashaun is currently pursuing a Bachelor of Science degree in International Relations. “The scholarship is paying my tuition in full as well as allowing me to buy the necessary books and materials. I thank the Foundation, as without this scholarship, it would be almost impossible for me to attend university. It has motivated me to work harder, as it is a reminder that there is a reward for hard work.”



Gavin Samuels - Edna Manley Scholar – is a second year student at the Edna Manley College of the Visual and Performing Arts. A graduate of Mannings High School, Gavin has an Associate Degree in Architecture and is currently majoring in Sculpting at the School of Art. He plans to combine his training in both areas to pursue further studies in architecture and possibly become an art critic in the future. Gavin is actively involved in his school community. In his first year, Gavin was instrumental in the completion of murals at locations within and outside the Edna Manley College environment. He is a member of the Edna Manley basketball team and the founder and president of the Edna Manley Next Generation Art Club (NGA), a drawing and careers oriented club. Gavin has a great desire to see others succeed and therefore spearheaded study sessions and student oriented tutorials to help his classmates excel. “The scholarship provides me with the opportunity to study something I love. I plan to give back by using the knowledge and abilities that I acquire, to benefit my society in whatever way possible.”



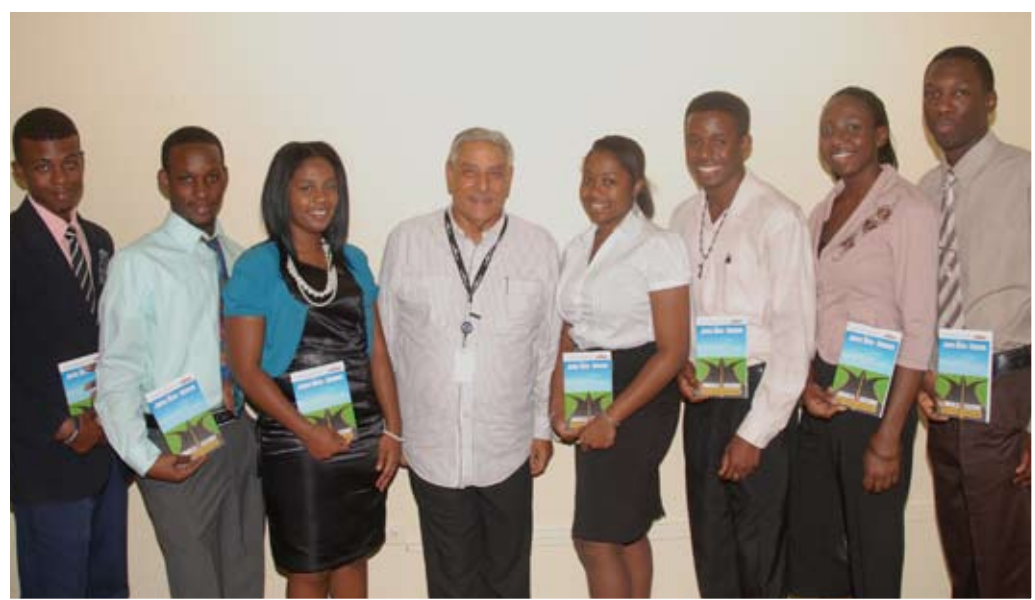
Chad Gayle has the distinction of being the inaugural **Douglas Orane Scholar**. His academic performance at Wolmer’s High School for Boys saw him receiving eight ones at CSEC and fours ones in both Units One and Two of CAPE, attaining the highest school average in 2011/2012. He currently studies chemical engineering at The University of the West Indies, St. Augustine, Trinidad. A good sportsman, he plays both lawn tennis and football. He represented Wolmer’s Boys on the Pepsi, Colts and Manning Cup football teams and now plays for his hall of residence at the St. Augustine campus. Chad participated in many clubs and societies in high school including: Key Club, Student Council, United Nations Club and the Sixth Form Association. He is now a member of the Inter-Varsity Christian Fellowship (IVCF). “I am proud to be the first person to receive this award in honour of a great Wolmerian and outstanding Jamaican, Douglas Orane. The scholarship will provide well-needed financial assistance, paying for my course of study.”



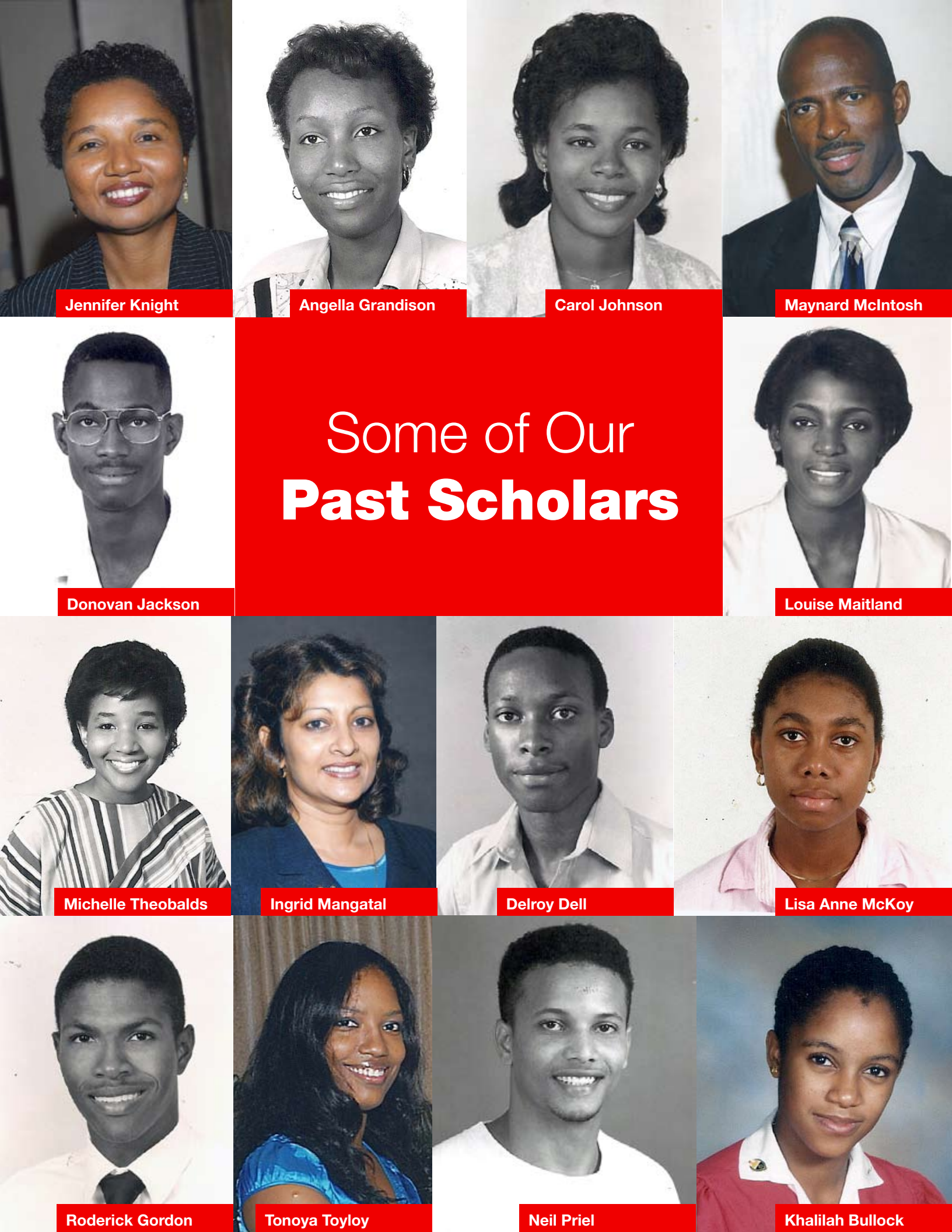
Shana-Kay Graham is the proud recipient of the inaugural **Rafael Diaz Scholarship**. While at Wolmer’s High School for Girls, she participated in several co-curricular activities – she was a member of the 4H Club and managed the football and volleyball teams for three years. She majors in Accounting and minors in Economics at The University of the West Indies, Mona. Shana-Kay gained eight ones and a two at the CSEC level; three ones and a three in Unit One CAPE and three ones and a two in Unit Two. Shana-Kay dreams of becoming a Chartered Accountant and will complete her Association of Chartered Certified Accountants (ACCA) examinations after gaining her degree. She is currently a part of the Association of Aspiring Accountants’ Club (AAA) at UWI. “I am grateful to the Foundation for its assistance through the Rafael Diaz Scholarship. It not only covers my tuition but allows me to live on hall. I intend to make Mr. Diaz and GraceKennedy proud by excelling at university!”



Rafael Diaz (3rd from left) shares with GK Scholars at a ‘Meet and Greet’ session at the Corporate Head Office. From L-R: Caroline Mahfood, GKF, Tracy Bisland, daughter of Mr. Diaz, Don Wehby, Group CEO, GraceKennedy, Douglas Orane, Chairman, GraceKennedy, Chad Gayle, Douglas Orane Scholar and Shana-Kay Graham, Rafael Diaz Scholar.



GK Scholars on a courtesy call with GraceKennedy Foundation Director and 2012 lecturer James Moss-Solomon.



Jennifer Knight

Angella Grandison

Carol Johnson

Maynard McIntosh

Donovan Jackson

Louise Maitland

Michelle Theobalds

Ingrid Mangatal

Delroy Dell

Lisa Anne McKoy

Roderick Gordon

Tonoya Toyloy

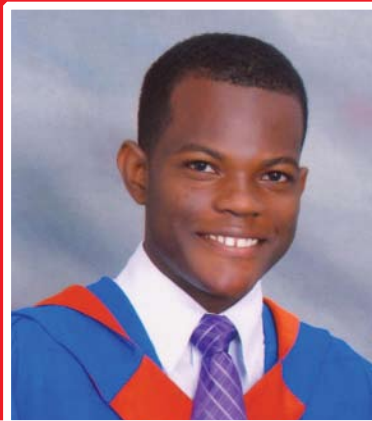
Neil Priel

Khalilah Bullock

Some of Our Past Scholars

Congratulations to Our 2012 Graduates

The exceptional performance of our scholars justifies our investment in the nation's youth.



Francois Graham

(2009 Bruce Rickards Scholar) graduated with a Bachelor of Science degree in Computing (Hons).

"The financial support provided by the Bruce Rickards Memorial Scholarship helped me to complete my tertiary education. Equally important was that this scholarship was a constant reminder that I must do well at all times because the name GraceKennedy has always been associated with 'quality' and that's an association that must be honoured!"



Samantha Allen

(2008 UTech Scholar) graduated with Upper Second Class Honours, Bachelor of Science in Computing and Information Technology, with a Major in Information Technology and a Minor in Enterprise Systems.

"The day Mrs. Mahfood called me with the great news, I cried tears of joy. I am the first in my family to enter university and I knew it would help me to blossom into the woman that I dreamt of becoming. The scholarship gave me the chance to complete my four years at university without having to worry about school fees. I thank God everyday for this scholarship which motivated and pushed me to excel in my area of study."



Jervian Johnson

(2008 Government of Jamaica Scholar who received additional assistance from the Foundation) completed a Bachelor of Engineering (B.Eng.) in Chemical and Process Engineering at the University of Technology, Class of 2012. She graduated with First Class Honours and a GPA of 3.75 and was one of two students who were awarded the coveted President's Pin.

"I would like to express my sincere gratitude to the GraceKennedy Foundation for the financial support that was provided throughout my tenure at UTech (2008 – 2012). The financial aid helped me to cover the cost of boarding and to purchase the necessary resource materials. The greatest gift was that you afforded me the opportunity to reside on campus. This environment paved the way to success by removing the stress of my normal circumstances and the rigors of travel that would have impacted my progress."

2012 GRANTS

The Foundation assisted several community groups, schools and non-profit organizations through its grantmaking programme. Grants of approximately \$4.4 million were disbursed in 2012. In addition, the Luis Fred Kennedy Fund, the environmental arm of the Foundation, began issuing environmental grants in 2012.

Recipients, listed below, represent a wide cross-section of educational, health, cultural and community organisations drawn from across the island.

- McCam Child Care & Development Centre - to finance the webinar facilities and technical equipment for the 4th International ADHD Conference
- RISE Life Management Services - to purchase a Risograph Machine for the RISE Life Centre
- Clarendon Association for Street People - for the purchase of a deep freezer, stove and digital camera
- Children First - to provide a videographer instructor for six months
- Best Care Foundation - for the provision of an interactive whiteboard and educational tools for students with mental and physical disabilities who attend Best Care
- Tacky High School - benefited from the donation of a multimedia projector
- Jamaica Society for the Blind - for the purchase of white canes and magnifiers
- Kingston Technical High School - to purchase a/c units and equipment for the school's newly-established Career Centre
- Craighton Primary - to effect repairs to the school plant (2 grants)
- Diaspora Vibe Cultural Arts Incubator Conference - for the Pre-Conference Reception
- Central Jamaica Reading Association - for the purchase of a laptop and projector to assist with reading workshops in the parishes of Clarendon, Manchester & St Elizabeth
- McGrath High School - to purchase equipment for the Industrial Techniques Department
- Sickie Cell Unit - assisted with the purchase of a teaching/diagnostic microscope
- Jamaica Symphony Orchestra (JSO) - provision of tickets, transportation and refreshments for the Jamaica Youth Orchestra to attend the JSO concert
- Area 4 Police Civic Committee - to fund scholarships for inner-city secondary students
- Morant Bay Primary - for repairs to the boys' bathroom
- St. Andrew High School Foundation - donation of microscopes for the St. Andrew High School for Girls science lab
- YUTE - participants received tickets to attend the Royal Symphony Orchestra concert
- GraceKennedy Education Run - Gold Sponsor

Environmental Grants:

- The Jamaica Environmental Trust (JET) - received funding to assist with the Building Appreciation for Nature in Children at Risk (BANCAR) Project.



1



2



3



4



5



6



7

1. Area 4 Police Civic Committee Scholarship Presentation Ceremony
2. Best Care Foundation
3. McGrath High School Techniques Department
4. Children First
5. Clarendon Association for Street People
6. Jamaica Society for the Blind
7. JET BANCAR Project



Financials

31 December 2012



Independent Auditors' Report

To the Members of
GraceKennedy Foundation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GraceKennedy Foundation Limited, set out on pages 1 to 16, which comprise the statement of financial position as at 31 December 2012 and the statements of income statements and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GraceKennedy Foundation Limited as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

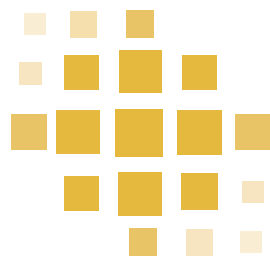
Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.



Frieda de la Cruz
Chartered Accountants
5 July 2013
Kingston, Jamaica



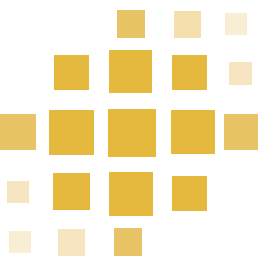
GraceKennedy Foundation Limited

Income Statement

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

| | Grace, Kennedy Scholarship Fund | S. Carlton Alexander Memorial Fund | J. Moss- Solomon Snr. Chair Fund | Bruce Rickards Fund | Luis Fred Kennedy Fund | General Income & Expenditure Account | Total Fund | Total Fund |
|--|--|---|--|---------------------------|---------------------------------|---|----------------|----------------|
| | 2012 \$'000 | 2012 \$'000 | 2012 \$'000 | 2012 \$'000 | 2012 \$'000 | 2012 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Income | | | | | | | | |
| Interest and dividends | 11,814 | 12,603 | 6,775 | 3,307 | 2,270 | 6,203 | 42,972 | 40,840 |
| Other | - | - | - | - | - | 21,421 | 21,421 | 17,727 |
| | 11,814 | 12,603 | 6,775 | 3,307 | 2,270 | 27,624 | 64,393 | 58,567 |
| Expenditure | | | | | | | | |
| Annual lecture series | - | - | - | - | - | 1,932 | 1,932 | 1,784 |
| Adrian Wallace memorial | - | - | - | - | - | - | - | 45 |
| Grants | - | - | - | - | - | 4,420 | 4,420 | 4,415 |
| Printing and stationery | - | - | - | - | - | 57 | 57 | 90 |
| Auditors' remuneration | - | - | - | - | - | 150 | 150 | 150 |
| Directors' emoluments | | | | | | | | |
| Fees | - | - | - | - | - | 520 | 520 | 450 |
| Expenses | - | - | - | - | - | 270 | 270 | 240 |
| Data processing fees | - | - | - | - | - | 2,056 | 2,056 | 1,920 |
| Bank charges | - | - | - | - | - | 38 | 38 | 47 |
| Staff costs | - | - | - | - | - | 14,619 | 14,619 | 10,666 |
| Other operating expenses | 359 | 887 | 667 | 120 | - | 542 | 2,575 | 4,101 |
| Scholarship and bursaries | 6,673 | 2,955 | - | 1,990 | - | 2,100 | 13,718 | 11,544 |
| University Chair | - | 5,000 | 5,000 | - | - | - | 10,000 | 10,000 |
| Environment projects | - | - | - | - | 779 | - | 779 | - |
| Motor vehicle and travel expenses | - | - | - | - | - | 1,843 | 1,843 | 1,613 |
| Public relations | - | - | - | - | - | 459 | 459 | 343 |
| Meetings and conferences | - | - | - | - | - | 273 | 273 | 317 |
| Fees - Registrar General | - | - | - | - | - | 9 | 9 | 53 |
| Membership fees | - | - | - | - | - | 44 | 44 | 44 |
| | 7,032 | 8,842 | 5,667 | 2,110 | 779 | 29,332 | 53,762 | 47,822 |
| Net Surplus/(deficit) | 4,782 | 3,761 | 1,108 | 1,197 | 1,491 | (1,708) | 10,631 | 10,745 |
| Accumulated surplus at the beginning of the year | 84,886 | 103,367 | 25,842 | 21,382 | 20,341 | 5,404 | 261,222 | 250,477 |
| ACCUMULATED SURPLUS | 89,668 | 107,128 | 26,950 | 22,579 | 21,832 | 3,696 | 271,853 | 261,222 |



GraceKennedy Foundation Limited

Statement of Financial Position

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2012 \$'000 | 2011 \$'000 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 2 | 2 |
| Investments | 7 | 513,308 | 571,006 |
| Current Assets | | | |
| Short term deposits | | 25,521 | 90,011 |
| Taxation recoverable | | 7,415 | 18,275 |
| Cash and cash equivalents | 8 | 67,320 | 6,271 |
| | | 100,256 | 114,557 |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | 1,933 | 916 |
| Net Current Assets | | 98,323 | 113,641 |
| | | 611,633 | 684,649 |
| FINANCED BY | | | |
| Share Capital | 4 | - | - |
| Contribution Fund | 9 | 32,988 | 32,988 |
| Grace, Kennedy Scholarship Fund | 10 | 232,408 | 265,776 |
| S. Carlton Alexander Memorial Fund | 11 | 210,194 | 236,859 |
| James Moss-Solomon, Snr. Chair Fund | 12 | 63,145 | 67,083 |
| Bruce Rickards Fund | 13 | 43,330 | 44,464 |
| Luis Fred Kennedy Fund | 14 | 21,915 | 24,747 |
| General Fund | | 3,696 | 5,404 |
| Fair Value Reserve | 15 | 3,957 | 7,328 |
| | | 611,633 | 684,649 |

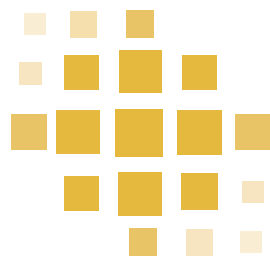
Approve for issue by the Board of Directors on 5 July 2013 and signed on its behalf by:

Fay McIntosh

Director

Elsa Leo-Rhynie

Director



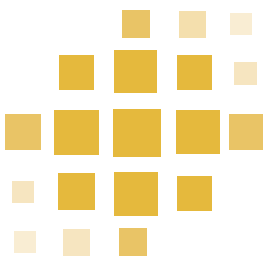
GraceKennedy Foundation Limited

Statement of Cash Flows

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Cash Resources were Provided By/(Used In): | | |
| Operating Activities | | |
| Net surplus | 10,631 | 10,746 |
| Items not affecting cash: | | |
| Exchange gain on foreign balances | - | (25) |
| Interest and dividend income | (43,772) | (40,840) |
| | (33,141) | (30,119) |
| Changes in operating assets and liabilities: | | |
| Accounts payable and accrued liabilities | 1,017 | 324 |
| | (32,124) | (29,795) |
| Withholding tax recovered/(paid at source) | 10,860 | (2,909) |
| Cash used in operating activities | (21,264) | (32,704) |
| Investing Activities | | |
| Proceeds from disposal of investments | 89,188 | 62,813 |
| Additions to investments | (49,929) | (89,188) |
| Interest and dividends received | 43,054 | 41,185 |
| Cash provided by investing activities | 82,313 | 14,810 |
| Increase/(decrease) in cash and cash equivalents | 61,049 | (17,894) |
| Cash and cash equivalents at beginning of year | 6,271 | 24,165 |
| Cash and Cash Equivalents at End of The Year (Note 8) | <u>67,320</u> | <u>6,271</u> |



GraceKennedy Foundation Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

- (a) The Foundation was incorporated in Jamaica on 22 October 1982 and its main objects are to develop and promote the arts, health, culture, sports, education, skills and religious programmes.
- (b) As at 1 January 2010, the operations of GraceKennedy Foundation Limited and Luis Fred Kennedy Environmental Foundation Limited were consolidated into GraceKennedy Foundation Limited.
- (c) The consolidation of the entities is accounted for using the pooling of interest method, as business combinations involving entities under common control are outside the scope of IFRS 3. Under the pooling of interests method, the assets, liabilities and equity of the consolidated enterprises are recognised at their carrying amounts on the consolidation date and adjusted only as a result of conforming the combining enterprises' accounting policies and applying those policies to all periods presented.

2. Significant 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 financial assets.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

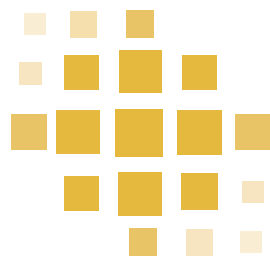
At the year end, in the opinion of directors and management, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Interpretations and amendments to published standards effective in the current year

Certain new interpretations and amendments to existing standards have been published that became effective during the current financial year. None of these pronouncements are expected to have a significant impact on the accounting policies or disclosure of the Foundation.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Foundation's accounting periods beginning on or after 1 January 2012, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:



GraceKennedy Foundation Limited

Notes to the Financial Statements
31 December 2012
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies

(a) Basis of preparation

Standards, interpretations and amendments to published standards that are not yet effective (continued)

IFRS 13, ‘Fair value measurement’ (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards, for both financial instruments and non-financial instruments. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. In general, the disclosure requirements of IFRS 13 are more extensive than those required in current standards. The Foundation anticipates that application will impact amounts reported in the financial statements, as well result in extended disclosures. Management is assessing the impact of adoption by the Foundation.

IFRS 9, ‘Financial Instruments’ (effective for annual periods beginning on or after 1 January 2015). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39.

While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Foundation is considering the implications of the standard, the impact on the Foundation and the timing of its adoption by the Foundation.

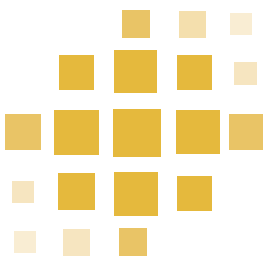
(b) Revenue recognition

Interest and dividends are accounted for on the accrual basis.

(c) Fixed assets

Fixed assets are recorded at cost.

Depreciation is calculated on furniture and fixtures on the straight-line basis at a rate of 10% and computer and equipment at 25%, which will write-off their cost over the period of estimated useful life.



GraceKennedy Foundation Limited

Notes to the Financial Statements
31 December 2012
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Financial assets

The Foundation classifies its financial assets in the category of available-for-sale financial assets. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the right to receive cash flows from the financial assets expires or where the Foundation has transferred substantially all risks and rewards of ownership.

Changes in the fair value of available-for-sale securities denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income and expenditure account, and other changes in carrying amount are recognised in equity. Changes in the fair value of available-for-sale securities are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income and expenditure account.

The Foundation assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(e) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost and comprise balances which mature within 90 days of the date of acquisition, including cash and bank balances.

(f) Financial instruments

Financial instruments carried on the statement of financial position include cash, investments and interest receivable. Cash and cash equivalents are carried at cost and, for the purposes of the statement of cash flows, comprise cash at bank and short term deposits. The particular recognition methods for other financial instruments are disclosed in the individual policy statements associated with those items.

The fair value of the Foundation’s financial instruments is discussed in Note 17.

GraceKennedy Foundation Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Funding

The Foundation is funded through endowment funds and a subvention from GraceKennedy Limited.

4. Share Capital

The Foundation is limited by guarantee and has no share capital.

5. Taxation

No tax is payable as the Foundation has been granted tax-exempt status by the Commissioner of Income Tax.

6. Fixed Assets

| | Art Work \$'000 | Furniture and Fixtures \$'000 | Computer Equipment \$'000 | Total \$'000 |
|------------------------------|-----------------------|--|---------------------------------|-----------------|
| At Cost - | | | | |
| At 1 January 2011 and 2012 | 2 | 7 | 56 | 65 |
| At 31 December 2011 and 2012 | 2 | 7 | 56 | 65 |
| Accumulated Depreciation - | | | | |
| At 1 January 2011 | - | 7 | 56 | 63 |
| At 31 December 2011 and 2012 | - | 7 | 56 | 63 |
| Net Book Value - | | | | |
| 31 December 2012 | 2 | - | - | 2 |
| 31 December 2011 | 2 | - | - | 2 |

GraceKennedy Foundation Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

7. Investments

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------|----------------|----------------|
| Available-for-Sale Securities | | |
| Government of Jamaica – | | |
| 2016 – 12.65% | 85,011 | 92,865 |
| 2017 – 11.75% | 7,000 | 7,002 |
| 2019 – 12.75% | 84,573 | 95,739 |
| 2024 – 12.875% | 42,886 | 48,346 |
| 2027 – 11.75% | 18,500 | 18,459 |
| 2032 – 11.75% | 11,000 | 10,966 |
| | 248,970 | 273,377 |
| US\$ Local Bond: | | |
| 2013 – 6.75% | 1,428 | 1,361 |
| 2014 – 7.0% | 1,430 | 1,372 |
| 2019 – 8.0% | 24,486 | - |
| | 27,344 | 2,733 |
| | 276,314 | 276,110 |
| Interest Receivable | 9,996 | 8,980 |
| | 286,310 | 285,090 |
| Quoted, ordinary stocks – | | |
| GraceKennedy Limited, at market value | 226,998 | 285,916 |
| | 513,308 | 571,006 |

8. Cash and Cash Equivalents

| | 2012 \$'000 | 2011 \$'000 |
|----------|----------------|----------------|
| Cash | 12,894 | 6,271 |
| Deposits | 54,426 | - |
| | 67,320 | 6,271 |

Included in deposits is interest receivable of \$3,000.

9. Contribution Fund

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Contribution Fund – GraceKennedy Limited | 28,988 | 28,988 |
| Contribution Fund - Luis Fred Kennedy | 4,000 | 4,000 |
| Fund balance at start and end of year | 32,988 | 32,988 |



GraceKennedy Foundation Limited

Notes to the Financial Statements

31 December 2012

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10. Grace, Kennedy Scholarship Fund

The scholarship programme was originally funded by a grant of \$350,000 received in 1985 which was invested in GraceKennedy Limited ordinary stocks.

| | 2012 \$'000 | 2011 \$'000 |
|-------------------------|----------------|----------------|
| Original grant received | 350 | 350 |
| Accumulated surplus | 89,668 | 84,886 |
| Fair value reserve – | | |
| Brought forward | 180,540 | 143,438 |
| Movement | (38,150) | 37,102 |
| | <u>142,390</u> | <u>180,540</u> |
| Total fund | <u>232,408</u> | <u>265,776</u> |

11. S. Carlton Alexander Memorial Fund

This fund was established on 20 December 1989 and is funded primarily by grants from GraceKennedy Limited. Additional contributions to the fund are received from GraceKennedy Limited from time to time.

| | 2012 \$'000 | 2011 \$'000 |
|-------------------------|----------------|----------------|
| Primary grants received | 10,557 | 10,557 |
| Accumulated surplus | 107,128 | 103,367 |
| Fair value reserve – | | |
| Brought forward | 122,935 | 93,828 |
| Movement | (30,426) | 29,107 |
| | <u>92,509</u> | <u>122,935</u> |
| Total fund | <u>210,194</u> | <u>236,859</u> |

The GraceKennedy stock units held by the Foundation are assigned to the Grace, Kennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund. The unrealised (losses)/ gains arising from the changes in the fair value of the stock units are being recognised in the individual fund balances in the proportion of the stock units held.



GraceKennedy Foundation Limited

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12. James Moss-Solomon, Snr. Chair Fund

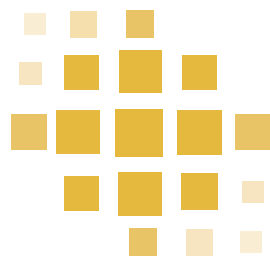
This fund was established in January 1995 with a grant from the Grace, Kennedy Scholarship Fund. Subsequent grants have been received from GraceKennedy Limited.

| | 2012 \$'000 | 2011 \$'000 |
|-------------------------|----------------|----------------|
| Primary grants received | 30,633 | 30,633 |
| Accumulated surplus | 26,950 | 25,842 |
| Fair value reserve | | |
| Brought forward | 10,608 | 4,275 |
| Movement | (5,046) | 6,333 |
| | <u>5,562</u> | <u>10,608</u> |
| Total fund | <u>63,145</u> | <u>67,083</u> |

13. Bruce Rickards Fund

This fund was established on 1 October 2003 from transfers from the Grace, Kennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund.

| | 2012 \$'000 | 2011 \$'000 |
|------------------------|----------------|----------------|
| Primary grant received | 18,000 | 18,000 |
| Accumulated surplus | 22,579 | 21,382 |
| Fair value reserve | | |
| Brought forward | 5,082 | 2,486 |
| Movement | (2,331) | 2,596 |
| | <u>2,751</u> | <u>5,082</u> |
| Total fund | <u>43,330</u> | <u>44,464</u> |



GraceKennedy Foundation Limited

Notes to the Financial Statements
31 December 2012
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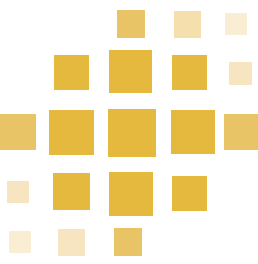
14. Luis Fred Kennedy Fund

The Fund was established in Jamaica on 21 June 1993 and its main objects are to promote the study and research of the environment and to encourage good environmental practices.

| | 2012 \$'000 | 2011 \$'000 |
|---------------------|----------------|----------------|
| Accumulated surplus | 21,832 | 20,341 |
| Fair value reserve | | |
| Brought forward | 4,406 | 1,716 |
| Movement | (4,323) | 2,690 |
| | 83 | 4,406 |
| Total fund | 21,915 | 24,747 |

15. Fair Value Reserve

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investment securities held by the General Fund.



GraceKennedy Foundation Limited

Notes to the Financial Statements
31 December 2012
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16. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Management seeks to minimise potential adverse effects on the financial performance of the Foundation by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

The Board of Directors is ultimately responsible for the establishment and oversight of the Foundation's risk management framework. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Foundation by failing to discharge their contractual obligations. Credit risk is the most important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or group of related counterparties.

(i) Investments

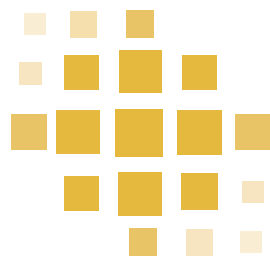
The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, the management and directors does not expect any counterparty to fail to meet its obligations.

Payment is made on a purchase once the securities have been received. The trade will fail if either party fails to meet its obligation.

Maximum exposure to credit risk

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Credit risk exposures are as follows: | | |
| Government of Jamaica securities available-for-sale | 286,310 | 285,090 |
| Certificate of deposits and repurchase agreements | 25,521 | 90,011 |
| Cash and cash equivalents | 67,320 | 6,271 |
| | 379,151 | 381,372 |

The above table represents the worse case scenario of credit risk exposure to the Foundation at 31 December 2012 and 2011.



GraceKennedy Foundation Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

16. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Debt securities

The following table summarises the Foundation's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

| | 2012 \$'000 | 2011 \$'000 |
|-----------------------|----------------|----------------|
| Government of Jamaica | 286,310 | 285,090 |
| Corporate | 92,841 | 96,282 |
| | <u>379,151</u> | <u>381,372</u> |

(b) Liquidity risk

Liquidity risk is the risk that the Foundation is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Foundation's liquidity management process, as carried out within the Foundation and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis.
- (ii) Maintaining a portfolio of highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investment;

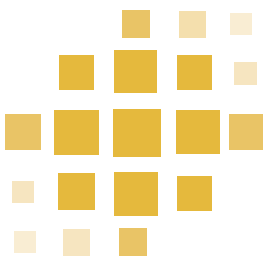
(c) Market risk

The Foundation takes on exposure to market risks, which 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. The Board of Directors monitors the market and its impact on the Foundation's securities on a regular basis, and takes appropriate action to minimise the effect of market fluctuations. .

There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has no significant exposure to fluctuations in exchange rates.



GraceKennedy Foundation Limited

Notes to the Financial Statements

31 December 2012

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16. Financial Risk Management (Continued)

(c) Market risk

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on financial position and cash flows. The average interest rates of financial instruments are as follows:

| | 2012 % | 2011 % |
|----------------------------------|--------------|--------------|
| Investments - | | |
| Government of Jamaica Securities | <u>12.05</u> | <u>10.57</u> |

17. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets held by the Foundation. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimates and valuation techniques based on market conditions existing at balance sheet date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amount and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (a) The fair value of cash and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to cash and short-term elements of all other financial assets.
- (b) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (c) The fair value of other financial instruments is based upon projected cash flows discounted at an estimated current market rate of interest.

GraceKennedy Foundation Limited

Notes to the Financial Statements
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17. Fair Value of Financial Instruments (Continued)

The following table presents the Foundation assets and liabilities that are measure at fair value at 31 December 2012. The financial assets are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Foundation’s assets and liabilities that are measured at fair value at 31 December 2012.

| | Level 1 \$’000 | Level 2 \$’000 | Level 3 \$’000 | Total balance \$’000 |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------------|
| | 2012 | | | |
| Assets | | | | |
| Available-for-sale financial assets- | | | | |
| Equity securities | 226,998 | - | - | 226,988 |
| Debt investments | - | 276,314 | - | 276,314 |
| | 226,998 | 276,314 | - | 503,302 |
| | 2011 | | | |
| Assets | | | | |
| Available-for-sale financial assets- | | | | |
| Equity securities | 285,916 | - | - | 285,916 |
| Debt investments | - | 276,110 | - | 276,110 |
| | 285,916 | 276,110 | - | 562,026 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market (for example, Government of Jamaica debt securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

GraceKennedy Foundation Limited

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18. Subsequent Events

National Debt Exchange

In February 2013, the Fund participated in the National Debt Exchange (NDX) transaction under which it exchanged its holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments with lower coupon interest rates.

The key features of the NDX are as follows:

- Jamaican-resident holders of certain domestic debt instruments (collectively referred to as the “Old Notes”) were invited to exchange those Old Notes for new, longer-dated debt instruments (collectively referred to as the “New Notes”). Participation in the NDX was voluntary.
- The New Notes offered have a variety of payment terms, including but not limited to fixed and variable rates in J\$, CPI-indexed in J\$, and fixed rates in USD.
- Eligible investors had the option to choose New Notes based on the type and maturity of the Old Notes which are offered for exchange based on certain election options. The election options only allow investors to choose New Notes of longer tenor relative to Old Notes. Most New Notes have lower coupon interest rates than Old Notes.
- Introduction of new Fixed Rate Accreting Notes (“FRANs”) which were issued with J\$80 of principal value for every J\$100 of principal value of Old Notes, whereby such principal will accrete to J\$100 of principal value by the maturity date in 2028. The Foundation elected not to receive any FRANs.
- Eligible investors who made offers to the Government of Jamaica to exchange Old Notes received an equivalent principal value (par-for-par value) of New Notes and the payment in cash of accrued interest, net of applicable withholding taxes, on the Old Notes up to but excluding 22 February 2013 (the Settlement Date).

| | Pre NDX | Post NDX |
|---|----------|----------|
| Jamaican dollar denominated instruments: | | |
| Total face value exchanged J\$248,970,000 | | |
| Weighted average coupon rate | 12.57% | 9.76% |
| Weighted average tenor to maturity | 10 years | 8 years |
| | | |
| US dollar denominated instruments: | | |
| Total face value exchanged US\$303,000 | | |
| Weighted average coupon rate | 7.89% | 7.81% |
| Weighted average tenor to maturity | 7 years | 6 years |



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