



SHAREHOLDERS' REPORT

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

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

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

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

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

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

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

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

Jamaica, where pepper mash production increased significantly in 2014, enabling the production of supply for local demand and for export.

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

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

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

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

The Insurance segment reported growth in both revenue and profit, mainly attributable to the improved underwriting performance of Jamaica International Insurance Company Ltd. In keeping with our goal of regional expansion for our Financial Services, in September 2014, GraceKennedy Financial Group Limited acquired an additional 50% of the shares in EC Global Insurance Company Limited, a St. Lucian general insurance company, bringing GraceKennedy's shareholding to 80%.

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

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

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

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

It is with deep regret that we acknowledge the passing of Mr. G. Raymond Chang OJ, a Director of the GraceKennedy Board and a member of the Audit Committee on July 27, 2014. He was not only an accomplished businessman, but was also well-known for his philanthropy in Jamaica and Canada. We wish to recognize his significant and longstanding contribution to the growth and development of our Company. The Company also mourned the passing of former GraceKennedy Director and retired GraceKennedy Executive, Francis ‘Paco’ Kennedy CD, who died on October 26, 2014. His legacy lives on at GraceKennedy.

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

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

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

Gordon V. Shirley

Chairman

March 2, 2015

Donald G. Wehby

Group Chief Executive Officer