CHAIRMAN'S REPORT

Submitted by Robert Bermudez, Chairman, Massy Holdings Ltd.

MASSY ANNUAL REPORT 2016

FINANCIAL PERFORMANCE

2016 was a challenging year for the Group, resulting in mixed financial performance. Group Cash increased to $2.0 billion, compared to $1.7 billion in 2015 and Cash Flow from Operating Activities increased to $1.3 billion. The Debt to Debt and Equity Ratio decreased from 33% in 2015 to 32% in 2016. While the Group's Balance Sheet was well managed, the Group's Third Party Revenue declined by 3% or $411 million from $11.9 billion to $11.5 billion. A number of one-off charges contributed to a 22 percent decline in Earnings per Share (EPS) from $6.53 to $5.10, when compared to 2015. Given the strength of the Group's Operating Cash Flow and Cash position, a final dividend of $1.59 was declared, which when added to the interim dividend of $0.51, gives a total dividend for the year of $2.10, equivalent to dividends declared in FY 2015.

REGIONAL PERFORMANCE

Trinidad & Tobago

While Trinidad and Tobago faced increasing challenges, the strength of the Group's regional diversification served to buffer the shortfalls in our Trinidad and Tobago operations. The economic outlook for Trinidad and Tobago remains muted as the country remained in recession for 2016. It is estimated that real GDP contracted by 2.5% during the year with notable declines in manufacturing, tourism and agriculture. The country's energy sector, the main driver of economic activity continued to suffer from declining production in oil and gas coupled with lower international commodity prices. Our energy businesses also grappled with the fallout from global industry challenges. We consistently explore new ways to balance the revenue shortfalls with operating expenses, while servicing existing clients and creating new opportunities to extend our product and service offerings.

The country continues to face persistent foreign exchange shortages, with demand for US dollars consistently outstripping supply. Government debt continues to increase moving from 47% of GDP in 2015 to almost 60% in 2016. On a comparative basis this is still low relative to other economies in the Caribbean and Latin America and the country has the advantage of having financial buffers in its foreign reserves and its sovereign wealth fund. With more gas production anticipated to come on stream in 2017 from the Juniper gas field, Trinidad and Tobago is expected to see a gradual recovery with GDP forecasted to grow by 1.5% in the New Year.

With the exception of some one-off occurrences, our Trinidad and Tobago-based businesses relentlessly worked to hold and maintain market leadership positions in their respective sectors such as retail, automotive and industrial gases. Similarly, our insurance and consumer finance operations in the territory have been undergoing major transformations to grow and capture more market share, as well as strengthening their compliance processes, to compete in a highly-regulated environment. Through a turnaround effort at Massy Remittance Services Ltd., which represents and operates the MoneyGram Wire Money Transfer service, the Group has been able to supplement some of its foreign exchange demands.

Two significant one-off charges originated from our Trinidad and Tobago operations - a maintenance charge incurred by our joint-venture oxygen plant, which we operate with Air Products Ltd., as well as costs associated with the delayed startup of the Massy Internet | TV Project. With respect to the latter, we acknowledge that this service has gained substantial momentum and recognition in the highly-competitive telecommunications space, but may require some changes to the current operating model to remain sustainable. Outside of Trinidad and Tobago, we have made a decision to sell our investment in the ITS business in Costa Rica. The Group acquired 20% minority stake in the business two years ago however the operation has underperformed for the last two years and the Board has taken a decision to sell our share of the business.

Barbados

Barbados Real GDP was estimated to have grown by 1.5% in 2016 and is expected to continue to grow in 2017. Despite construction delays, the tourism industry should continue to drive growth, with roughly US$600 million of hotel and tourism-related investment in the pipeline over the next four years. The financial sector remains strong with well capitalized banks and growth in loans to the private sector is expected to continue. Concern however, remains about the high level of government debt in Barbados and long periods of time taken to pay VAT and other government liabilities.

Massy Card (Barbados) achieved 7% growth in the number of cardholders in the territory, with 22% growth in the value of spending. Our Barbados-based operations led the charge in collaborating across the Caribbean to consolidate 7 loyalty programs in Barbados, Guyana, St. Lucia, St. Vincent and Trinidad & Tobago under the Massy Card Loyalty Program. The consolidation also included the transition of the Magna Rewards loyalty program in Barbados, to a single integrated loyalty and credit card offering under the Massy Card brand.

Jamaica

In Jamaica, economic conditions continue to show signs of improvement. Business and consumer confidence have been on an upward trajectory boosted by improvements in real GDP growth. The government remains committed to debt reduction in order to anchor stability and confidence. A healthy performance of the tourism sector alongside improvements in agriculture and manufacturing have all contributed to favorable economic growth. Our industrial gases and ITC businesses in Jamaica continued to deliver good results. Massy Gas Products Jamaica Ltd. directly benefitted from the rebound in Jamaica's tourism sector, as a key supplier to hotel properties, and was also able to negotiate better volume discounts as its volume purchases increased.

Guyana

Macroeconomic conditions in Guyana were generally favourable for 2016. Growth in GDP was expected to be around 4%, among the highest in Latin America and the Caribbean. Public investment and the discovery of new gold mines aided in the expansion of economic activity. Monetary policy remained accommodative as lower prices for imported goods, including fuel, helped ease inflationary pressure. Our introduction of the first Massy Stores location to Guyana has redefined the retail landscape in the country. The new supermarket is a first of its kind, in terms of layout, design and variety of offerings. A second store will be opened in the new year. 2016 was also a good year for our industrial gases business in Guyana, which showed material growth from the domestic market.

Colombia

Colombia continues to experience economic growth, though at a reduced rate, in spite of the challenging energy and commodity environment globally. Real GDP growth is forecasted through the end of 2016 to come in around 2 percent. 2016 was an eventful year featuring a landmark peace accord with the FARC, which was defeated in a public referendum but one month later, the Senate approved a modified peace agreement. GDP growth is expected to tick slightly upwards in 2017 to 2.5 percent. The country's manufacturing and export industries have benefitted from US dollar adjustments. Higher domestic consumer activity has provided a somewhat compensating effect against the weak external environment. Increased domestic activity has had a positive impact on our automotive operations in Colombia, with our Mazda dealership exceeding sales targets for the year. The Energy business faced a reduction of sales, primarily due to the curtailment of an uneconomic maintenance contract and the reduction in operational and capital expenditure in the oil and gas industry. Notwithstanding these declines, the business delivered healthy gross profits as a result of the outstanding performance of supporting business lines including a successful delivery of a sizable contract with the country's main refinery. The Group's expansion into Colombia has proven to be a successful gateway into the Latin American market.

St. Lucia & St. Vincent

In St. Lucia, a strengthening of the tourism sector on the back of increased visitor arrivals led to an increase in GDP by roughly 1.6%. In St. Vincent and the Grenadines, inflation remains low on account of falling food and fuel prices, and the banking sector saw an uptick in activity in 2016 through credit expansion to the private sector. In 2015, the Group commenced the OECS rebranding process with the retail locations in St. Vincent and 2016 saw the completion of the exercise with the rebranding of 11 stores in St. Lucia, as well as the modernization of selected stores. The acquisition of this chain, formerly known as Consolidated Foods, continues to deliver outstanding returns.

CLOSING REMARKS

On behalf of the Massy Holdings Board, I wish to express my appreciation to the Massy employees, who have remained steadfast and committed to the organization even through challenging times. We acknowledge that it is in these times where we need our employees to harness their collective strength to think creatively, innovate and improve when faced with such constraint. Thank you all for embracing and representing our brand, Massy, and for living the values of the organization. I also wish to thank our Group Executives and leadership teams who inspire and motivate our employees to 'transform life' in their day to day interactions with customers, colleagues and communities. Finally, I wish to express my gratitude to all our shareholders who continue to demonstrate confidence in Massy and its people. I wish to also extend deep gratitude to my fellow Directors for their support and guidance, as we look forward to another fruitful year.