2016 Annual Report

MASSY

2016 marked an important milestone in the success of the Group's efforts to diversify outside of Trinidad and Tobago. More than 50 percent of the Group's Profit was drawn from contributions of our businesses outside of Trinidad and Tobago.

Vision Statement

A Force for Good

The Most Responsible and Profitable Investment Holding/Management Company in the Caribbean Basin

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Major Holding and Operating Companies

Massy Holdings Ltd.
Massy Ltd.
Massy (Barbados) Ltd.
Massy (Guyana) Ltd.

AUTOMOTIVE & INDUSTRIAL EQUIPMENT
Trinidad and Tobago
Massy Motors Ltd.
Massy Machinery Ltd.
Massy Automotive Components Ltd.
Massy Motors (Tobago) Ltd.
Massy Pres-T-Con Ltd.
Massy Motors Best Auto Ltd.

Guyana
Massy Industries (Guyana) Ltd.

Colombia
Massy DeLima Grupo Automotriz S.A.S.

ENERGY & INDUSTRIAL GASES
Trinidad and Tobago
Massy Energy (Trinidad) Ltd.
Massy Energy Production Resources Ltd.
Massy Energy Engineered Solutions Ltd.
Massy Energy Fabric Maintenance Ltd.
Massy Energy Supply Chain Solutions Ltd.
Massy Gas Products Holdings Ltd.
Massy Gas Products (Trinidad) Ltd.
Massy Wood Group Ltd. (50%)
Massy Carbonics Ltd.
Massy Petrochemical Services Ltd.
Caribbean Industrial Gases Unlimited (50%)
Caribbean Gas Chemicals Limited (10%)

Jamaica
Massy Gas Products (Jamaica) Limited

Guyana
Massy Gas Products (Guyana) Ltd.

Colombia
Massy Energy Colombia S.A.S.

Barbados
Massy Energy (Barbados) Ltd.
Massy Gas Products (Barbados) Ltd.

FINANCIAL SERVICES
Insurance Division
Trinidad and Tobago
Massy United Insurance Ltd.

Barbados
Massy United Insurance Ltd.

Guyana
Massy United Insurance Ltd.
Massy Services (Guyana) Ltd.

Money Services Division
Trinidad and Tobago
Massy Remittance Services (Trinidad) Ltd.

Consumer Finance Division
Trinidad and Tobago
Massy Credit Plus Ltd.
Massy Finance GFC Ltd.

Barbados
Massycard (Barbados) Limited

INTEGRATED RETAIL
Trinidad and Tobago
Massy Integrated Retail Ltd.
Massy Stores (Trinidad)
Massy Distribution (Trinidad)
Massy Card Ltd.

Barbados
Massy Stores (Barbados) Ltd.
Massy Distribution (Barbados) Ltd.

Guyana
Massy Distribution (Guyana) Inc.
Massy Stores (Guyana) Inc.

Jamaica
Massy Distribution (Jamaica) Limited

St. Lucia
Massy Stores (SLU) Ltd.
Massy Distribution (St. Lucia) Ltd.

St. Vincent
Massy Stores (SVG) Ltd.

Miami
Massy Distribution (USA) Inc.

INFORMATION, TECHNOLOGY & COMMUNICATIONS
Trinidad and Tobago
Massy Technologies (Trinidad) Ltd.
Massy Technologies InfoCom (Trinidad) Ltd.
Massy Communications Ltd.
Massy Technologies Applied Imaging (Trinidad) Ltd.

Barbados
Massy Technologies InfoCom (Barbados) Ltd.

Guyana
Massy Technologies (Guyana) Ltd.

Jamaica
Massy Technologies InfoCom (Jamaica) Limited

Antigua
Massy Technologies InfoCom (Antigua) Ltd.

OTHER INVESTMENTS
Trinidad and Tobago
Massy Realty (Trinidad) Ltd.
Massy Properties (Trinidad) Ltd.

Barbados
Massy (Barbados) Investments Ltd.
Massy Properties (Barbados) Ltd.
Roberts Manufacturing Co. Ltd. (50.5%)
Seawell Air Services Limited
BCB Communications Inc. (51%)
Caribbean Airport Services Ltd. (49%)

Corporate Information

As at September 30, 2016.

Directors
Mr. Robert Bermudez, Chairman
Mr. E. Gervase Warner, President & Group CEO
Dr. Rolph Balgobin
Mr. Frere Delmas
Mr. Patrick Hylton
Mr. G. Anthony King
Mr. David O'Brien
Mr. William Lucie-Smith
Mrs. Paula Rajkumarsingh
Mr. Robert Riley
Mr. Gary Voss
Ms. Maxine Williams
Mr. Richard P. Young

Corporate Secretary
Ms. Wendy Kerry

Assistant Corporate Secretary
Ms. Krystal Baynes

Audit Committee
Mr. William Lucie-Smith, Chairman
Dr. Rolph Balgobin
Mr. Patrick Hylton
Mr. Richard P. Young
Mr. E. Gervase Warner (ex officio)

Governance and Compensation Committee
Mr. Gary Voss, Chairman
Dr. Rolph Balgobin
Mr. G. Anthony King
Mr. Robert Bermudez (ex officio)
Mr. E. Gervase Warner (ex officio)

Registered Office
63 Park Street
Port of Spain
Trinidad and Tobago
Telephone: (868) 625-3426
Facsimile: (868) 627-9061
E-mail: info@massygroup.com
Website: www.massygroup.com

Registrar and Transfer Office
The Trinidad and Tobago Central Depository Limited
10th Floor
Nicholas Towers
63-65 Independence Square
Port of Spain
Trinidad and Tobago

Auditors
PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain
Trinidad and Tobago

Principal Bankers
RBC Royal Bank (Trinidad & Tobago) Limited
19-21 Park Street
Port of Spain
Trinidad and Tobago

Notice of Annual Meeting

TO: ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Ninety-Third Annual Meeting of Shareholders of Massy Holdings Ltd. ("the Company") will be held at the Ballroom, Hilton Trinidad and Conference Centre, 1B Lady Young Road, Port of Spain, Trinidad and Tobago, on February 10, 2017 at 10:00 a.m. for the following purposes:

1 To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended September 30, 2016 together with the Report of the Auditors thereon.

2 To elect Directors for specified terms and if thought fit, to pass the following Resolutions:

   a THAT, the Directors to be re-elected, be re-elected en bloc; and

   b THAT, in accordance with the requirements of paragraphs 4.4.1 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Robert Bermudez, G. Anthony King, E. Gervase Warner and Ms. Maxine Williams be and are hereby re-elected Directors of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following this election.

3 To reappoint the incumbent Auditors and authorise the Directors to fix their remuneration and expenses for the ensuing year.

BY ORDER OF THE BOARD

Wendy Kerry
Corporate Secretary

December 20, 2016

NOTES TO THE NOTICE OF ANNUAL MEETING:

1 In accordance with Section 110(2) of the Companies Act Ch 81:01, the Record Date for the issue of this Notice of Meeting is December 29, 2016.

2 No service contracts were entered into between the Company and any of its Directors.

3 A Member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his or her stead. Such proxy need not also be a Member of the Company. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or signed by its attorney.

4 Corporate members are entitled to attend and vote by a duly authorised representative who need not himself be a member. Such appointment must be by resolution of the Board of Directors of the corporate member.

5 Attached is a Proxy Form which must be completed, signed and then deposited with the Secretary of the Company, at the Company's Registered Office, 63 Park Street, Port of Spain, Trinidad and Tobago, not less than 48 hours before the time fixed for holding the Meeting.

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Chairman's Report

Chairman's Report

Robert Bermudez
Chairman

FINANCIAL PERFORMANCE

2016 was a challenging year for the Group, resulting in a 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 percent in 2015 to 32 percent in 2016. While the Group's Balance Sheet was well managed, the Group's Third Party Revenue declined by 3 percent 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 the dividend declared in Financial Year (FY) 2015.

REGIONAL PERFORMANCE

Trinidad and 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 Gross Domestic Product (GDP) contracted by 2.5 percent 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 percent of GDP in 2015 to almost 60 percent in 2016. On a

Chairman's Report

comparative basis, this is still low relative to other economies in the Caribbean and Latin America. Additionally, 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 percent 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 (Trinidad) 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 (IPTV) 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 Information Technology Services (ITS) business in Costa Rica. The Group acquired a 20 percent 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 percent 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 4 years. The financial sector remains strong, with well capitalised 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 Value Added Tax (VAT) and other government liabilities.

Massycard (Barbados) Limited achieved 7 percent growth in the number of cardholders in the territory, with 22 percent growth in the value of spending. Our Barbados-based operations led the charge in collaborating across the Caribbean to consolidate 7 loyalty programmes in Barbados, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago under the Massy Card Loyalty Programme. The consolidation also included the transition of the Magna Rewards Loyalty Programme 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 favourable economic growth. Our Industrial Gases and Information, Technology & Communications (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 percent, 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 at a reduced rate, and in spite of the challenging energy and commodity environment globally. Real GDP growth was forecasted through the end of 2016 to come in around 2 percent. 2016 was an eventful year featuring a landmark peace accord with the Fuerzas Armadas Revolucionarias de Colombia (FARC), which was defeated in a public referendum. 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 the 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 and 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 percent. 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 Organisation of Eastern Caribbean States (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 modernisation 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 organisation, 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 organisation. 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. Additionally, I wish to express my gratitude to all our Shareholders, who continue to demonstrate confidence in Massy and its people. Finally, I wish to also extend deep gratitude to my fellow Directors for their support and guidance, as we look forward to another fruitful year.

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Management Discussion & Analysis

Chief Executive Officer's Report

Gervase Warner
President & Group
Chief Executive Officer

INTRODUCTION

2016 was a year of mixed reviews. While the Group experienced great accomplishments, which signify a new future for us, Massy also faced some challenges. These challenges were as a result of multiple factors, including operating in weakened economies and vulnerable industries. Other challenges were related to growth initiatives which did not meet our expectations, but which we accept as a part of the risk of pursuing growth and diversifying our portfolio.

FINANCIAL PERFORMANCE

We continue to maintain a strong Balance Sheet. This year, Total Cash improved to $2.0 billion, an increase of $350 million when compared to the prior year, as there were strong operating Cash Flows through effective Working Capital Management. The Profit Contribution from our overseas operations strengthened in 2016, contributing 52 percent of Third Party Revenue and 51 percent of Profit before Head Office and Other Adjustments (including Costa Rica investment impairment), when compared to 49.5 percent and 39 percent respectively in 2015. This is a reflection of the strength of our geographic diversity. Unfortunately, we faced some one-off losses from two investments and losses from two of our subsidiaries. In addition, the Effective Tax Rate in Trinidad and Tobago increased. Together, this resulted in a 13 percent reduction in our Profit Before Tax (PBT) and 22 percent decline in Earnings Per Share (EPS). These challenges are discussed later in this Report. Eliminating the one-off gains in the 4th Quarter of 2015 and the one-off losses in 2016, the Operating Profit from the subsidiaries and associates in the Group actually grew by 7 percent. This is further explained in the Chief Financial Officer's Report.

RECOGNISING MILESTONES AND ACHIEVEMENTS

Geographic Diversification

2016 marked an important milestone in the success of the Group's efforts to diversify outside of Trinidad and Tobago. More than 50 percent of the Group's Profit was drawn from contributions of our businesses outside of Trinidad and Tobago. The exemplary performance of our operations in those territories

Chief Executive Officer's Report

showed real signs of the materialisation of our vision to be a regional Force For Good. Our foray into the Automotive and Energy & Industrial Gases sectors in Colombia have proven to be sound investments, already garnering significant and tangible returns. Our OECS-based businesses, namely St. Lucia and St. Vincent, in which we own and operate both retail and distribution arms, also recorded performance improvements for the year. The nascent rebound of the Jamaican economy is also showing promising outcomes for our Industrial Gases and Information, Technology & Communications (ITC) businesses there.

ADVANCING OUR BUSINESS STRATEGY

We made a number of significant strides in advancing our business strategy in the region, from the perspective of retail, branding and loyalty:

Setting a New Standard for Retail in Guyana

In March this year, Massy Stores launched its first supermarket in Guyana – the Group's 47th store in the region. Located in Amazonia Mall, East Bank Demerara, the store offers 16,000 square feet of retail space, making it the largest supermarket in the country. At the close of the Financial Year (FY), the Group recorded a significant increase in the store's customer base. A second store is under construction at the East Coast MovieTowne Complex and scheduled for launch in 2017.

Strengthening Massy's Brand in the Region

We announced in 2014 that the Group undertook a rebranding exercise; however, at that time, our acquisition of Consolidated Foods Ltd. (CFL) was at a nascent stage. Following a 2-year transition period, we undertook the rebranding of 100 percent of our St. Lucia (11) and St. Vincent (3) locations, including our first Massy Stores Gourmet and Massy Stores Mega formats.

Store Modernisation Across the Region

Massy Stores continued to modernise stores in keeping with our strategy of developing and growing our retail footprint. The Group invested approximately $60 million to refurbish 7 stores in 4 countries – 3 in Trinidad and Tobago, 2 in St. Lucia, 1 in St. Vincent and 1 in Barbados. Notably, approximately 40 percent of our stores have been modernised over the last 3 years, with 40 percent completed in Trinidad and Tobago and 44 percent in St. Lucia.

Regionalisation of the Loyalty Programme (Massy Card)

Our vision to launch one card for cross-country mobility came to life in 2016 as we successfully consolidated 7 loyalty programmes in Barbados, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago under the Massy Card Loyalty Programme. Today, there are approximately 400,000 loyalty cards in the hands of our customers.

Government Gives Green Light for the Natural Gas to Petrochemicals Plant

Several agreements and contracts were renegotiated with the current Government of the Republic of Trinidad and Tobago and the amendments were executed on August 5, 2016. Mechanical completion is scheduled for December 2018, and the plants are expected to be in commercial operation by March 2019. To date, piling has been completed, civil works are ongoing and the importation of construction material has commenced. The conditions precedent for the loan drawdown were satisfied in August 2016, and the first loan drawdown was received in September 2016. Prior to this, construction of the plants was funded by the Shareholders via equity injections.

Exemplary Performance of Massy Motors Colombia

We experienced tremendous growth in sales of the Mazda brand in Cali, Colombia. Sales in Mazda grew 61 percent, year-on-year, to 100 cars per month, exceeding the average of 62 cars per month in the previous year. This year also was the first time in the company's history that sales exceeded 100 or more units in a given month. In addition to impressive sales in Mazda new vehicles, our Mazda workshops have been nationally recognised and awarded for their service standards.

Expansion of the Insurance Business

The insurance operation is successfully executing its regional growth strategy and during the year, commenced operations in Cayman, St. Kitts and the British Virgin Islands, bringing the total number of territories to 18. Further, in February 2016, we commenced the roll-out of our Bancassurance arrangement with CIBC First Caribbean. We also reopened an agency in the Bahamas and converted the Guyana agency to a branch to achieve greater market focus, brand synergies and efficiencies.

LEADERSHIP TRANSFORMATION

This year, we charged ourselves with the task of transforming the leadership of the organisation by changing and clearly articulating the expectations of Massy leaders, across all businesses. The expectations are based on more service-oriented, values-based leadership, which is recognised as essential to the sustained success of the Group. The roll-out of the new expectations of Massy leaders commenced with a number of workshops conducted by a diverse group of Senior Executives, who created a space for full understanding and appreciation of the responsibilities which are expected of all Massy leaders. These expectations are: To Have a Conscious Awareness of Self; To Serve Our People; To Cultivate Enduring Relationships; To Achieve Values-Based Results and To Co-Create the Future of the Group. There is a full understanding that these expectations will need to be supported by training, coaching and performance management programmes, which are being implemented as well.

2016 also marked a year of many leadership changes at the Executive Committee level. In March 2016, Angélique Parisot-Potter joined Massy as the Group Senior Vice President, Legal, following the retirement of Judith Bowen. A lawyer with over 20 years of experience, prior to joining Massy, Angélique worked with BG Group (now Shell) for 15 years, with her last position being the Vice President, Human Resources and Administration for its Egypt Office. Bruce Mackenzie also joined the team as the Group Strategy and Business Development Officer. Bruce, who is no stranger to the Group, was the Business Development Manager for the then Neal & Massy Energy Group, before moving to become the CEO of ASCO Trinidad Limited; 3 years later, he has returned to the Group. Peter Graham, who having led the Group's Industrial Gases Business Unit in Jamaica, spent the last 3 years as the CEO of Massy Gas Products (Trinidad) Ltd. In October 2016, Peter assumed the role of Country Manager for Massy's interests in Jamaica, and was promoted to become the Chairman of the Industrial Gases Line of Business in the Energy & Industrial Gases Business Unit (E&IGBU).

In 2016, we created the Financial Services Line of Business (FSLOB), separating the Consumer Finance LOB from the Integrated Retail Business Unit (IRBU) and combining it with the Insurance LOB. While there remain great synergies between the Integrated Retail operations and Consumer Finance, the Group believes that its regulated entities would be better run together, with the increasing demands for compliance with intensifying regulations. Howard Hall, who has been the CEO of Massy United Insurance Ltd. for the last 5 years was promoted to become the Chairman of the Financial Services LOB in March 2016.

David Jardim, who had been the CEO of Massy Motors for the last 7 years, was promoted to become the Chairman of the Automotive & Industrial Equipment Line of Business (A&IELOB) in March 2016 and Natalie Karamath, Marketing and New Car Sales Manager, was promoted to take over as the CEO of Massy Motors at the same time. David O'Brien, Group Executive Vice President, took on the additional leadership of the Financial Services LOB in addition to existing portfolio of the A&IELOB.

ADDRESSING CHALLENGES

In 2015, we enjoyed the benefits of a number of one-off gains, including the gain on the sale of Melville Shipping, goodwill from our Colombia investments and the release of a number of doubtful debt provisions. However, 2016 brought a different fate, instead of those one-off gains of the prior year, the Group has incurred some one-off losses from the sale of our interest in the ITC business in Costa Rica, major maintenance charges at the Oxygen Plant, which we jointly own with Air Products Ltd., as well as losses associated with our delayed launch of Massy Internet | TV (IPTV) service earlier this year.

Chief Executive Officer's Report

Our investment in the IT services company in Costa Rica, namely, our acquisition of 20 percent minority interest in I&G Technologies, was at the time, an attractive opportunity to enter the Central American market. After further evaluation, including an examination of the company's ongoing losses and concerns about its future earning potential, the Board has taken a decision to sell its investment in the company, which has been recorded as a loss of $45 million.

The Oxygen Plant, which we jointly own with Air Products Ltd. through Caribbean Industrial Gases Unlimited, has been a profitable operation for over 14 years. In 2016, the plant undertook a scheduled major maintenance event. The costs of the maintenance were all taken in 2016, as they could not have been accrued or amortised over a longer period. The plant is back in operation and continues to generate strong Cash Flow for the owners. The Net Impact of the maintenance event was an additional (one-off) $32 million expense to the Group's accounts for 2016.

This year, we also launched Massy Internet | TV (IPTV), which developed a strong reputation for service, speed and high-quality HD TV picture quality, with a growing residential subscriber base. Our launch was delayed by 3 months and there were some unanticipated costs – a relative norm in the start-up phase of new projects. This was a strategic move for the Group, building on the pre-existing fibre optic network which previously serviced the commercial space, exclusively. Transitioning to the residential business has been both rewarding and challenging, as the operating landscape in this business is highly competitive, and may require some changes to the current operating model to remain sustainable. We are already considering a number of options and look forward to sharing those developments with our Shareholders in the following year.

With the exception of these and other one-off occurrences, a comparison of our business performance to the prior year showed an improvement of 7 percent. Fundamentally, our businesses are doing well and delivering strong results. Going forward, we are excited and eagerly anticipate some key developments, including a stronger brand, in new business and services and furthering our strategic agenda. We continue to hold a cash-rich position with more cash than debts, and despite concerns around the availability of foreign exchange, we have been able to creatively leverage our Group's diversity on an ongoing basis to source foreign currency to pay our suppliers. Holistically, our priority remains fixed on maximising growth opportunities and initiatives, as well as improving efficiency and service.

FOCUS FOR 2017 AND BEYOND

Operations Efficiency

In FY 2017, the Group will pursue a number of continuous improvement initiatives and methodologies, focused on process redesign and other methodologies to continuously maintain a lean, focused organisation. Kaizen principles and Process Redesign are being taught throughout the Group to launch a re-examination of our processes and ways of doing business to eliminate waste, frustration and unnecessary cost.

Portfolio Strategy Review

The Group is also considering another strategic planning exercise with external consultants in FY 2017, to review its portfolio growth strategy. The exercise would examine the Group's competitive strengths and financial performance in its various industry segments, and develop focused strategies for growth and extracting superior financial performance from targeted geographies and sectors. The exercise would also examine the role of the corporate centre and prescribe actions to ensure that the Group is in the right businesses and is being the best owner of those businesses.

Continued Service-Based Leadership Transformation

In 2017, the Group will continue to roll-out its Leadership Transformation Programmes throughout the Group. This will include Listening Leadership, facilitated by in-house certified professors and a series of other programmes, some internally led and some externally provided for people in leadership roles, as well as for front-line supervisors and professionals. The Group recognises the importance of service as a competitive advantage and will continue to invest in its Customer Service Management System and Customer Service measurement through the use of American Customer Service Index™ (ACSI) surveys. The Group now has approximately 12,000 employees and fully recognises the challenge of its transformation undertaking. Great progress has already been achieved on the journey, and the Group is confident that it will eventually get a "Service-Based" culture embedded throughout all of its operations.

Chief Financial Officer's Report

Paula Rajkumarsingh
Executive Vice President
& Chief Financial Officer

KEY ITEMS IN THE 2016 PERIOD:

- Third Party Revenue decreased 3 percent or $411 million, from $11.9 billion to $11.5 billion. There was a 45 percent or $489 million reduction in revenue from the Energy businesses in Colombia and Trinidad and Tobago.
- Earnings Before Finance Costs and Tax decreased by 8 percent, from $960 million in 2015 to $879 million in 2016. The Earnings Before Interest and Tax (EBIT) margin declined from 8 percent to 7.6 percent, with a slight decline in the Group's gross margins, and there was an increase in the Operating Expense margin, largely due to the reduction in revenue.
- Selling, General and Administrative (SG&A) expenses increased by $73 million or 3 percent, to $2.5 billion.
- Net Finance Costs decreased from $81 million to $57.5 million, largely because of the exchange gains booked at the Parent Company.
- Interest Coverage Ratio is 8.5, based on the 2016 results.
- Earnings Per Share (EPS) was $5.10, 22 percent below 2015.
- Group Debt remained flat at $2.2 billion.
- Group Cash was $2.0 billion, compared to $1.7 billion in 2015.
- Cash Flow from operating activities was $1.3 billion in 2016.
- Debt to Debt and Equity Ratio decreased from 33 percent in 2015 to 32 percent in 2016.
- The Net Assets Per Share is $49.01.
- The Group paid $828 million in Capital Expenditure and other investing activities in 2016 (2015: $742 million).

OVERVIEW

The reported year has been a challenging one for the Massy Group. The Group reported a 3 percent reduction in revenue, with a 6 percent reduction in Operating Profit from our subsidiaries. Share of Results from associated companies reported a loss of $21.5 million, compared to a profit of $40.2 million in 2015. In addition, the Effective Tax Rate increased from 27 percent in 2015 to 33 percent in 2016. Overall, this resulted

Chief Financial Officer's Report

in a reduction in the EPS by 22 percent or $1.43, from $6.53 to $5.10.

The Group's reported results included $115 million in Losses After Tax from 4 investments, and an additional $22 million in new tax charges. This resulted in the reduction in EPS by $1.33. The 20 percent interest in the Information, Technology & Communications (ITC) investment in Costa Rica was impaired, following a decision by the Board to exit the investment via a sale of the Group's interest to one of the existing Shareholders, who has taken the lead for putting additional capital into the company. The Oxygen Plant investment, jointly owned with Air Products Ltd. in Trinidad and Tobago, incurred major maintenance expenses in 2016. These non-recurring charges contributed to a fall in EPS of 71 cents. The Group also shouldered the blow of a further $31 million in Operating Losses after Tax from our Massy Internet | TV (IPTV) investment, which launched later than planned in February 2016. In addition, our Energy Services business made losses after tax of $14.8 million in 2016, compared to a loss of 1.3 million in 2015. These investments contributed to a fall in EPS of 39 cents.

Included in the tax charges for 2016 were additional business taxes paid in the amount of $9 million, due to the increased rate for the Green Fund Levy from 0.1 percent on sales to 0.3 percent on sales, as at March 1, 2016. A further $13 million in deferred tax liabilities were charged in 2016, from the increase in the Corporation Tax Rate in Trinidad and Tobago from 25 percent to 30 percent. This contributed to a fall in EPS of 23 cents.

BUSINESS UNIT PERFORMANCE

The economic vulnerabilities throughout Latin America and the Caribbean persisted, and our trading environment remained challenged. The Profit Contribution from our overseas operations strengthened in 2016, with 52 percent in Third Party Revenue and 51 percent in Profit before Head Office and Other Adjustments (including the Costa Rica impairment), when compared to 39 percent in 2015. The shift in performance was partially due to the significant items noted above, compounded by the devaluation of the Trinidad and Tobago dollar. Our Retail, Distribution and Insurance businesses showed improved results over 2015. Within the Energy & Industrial Gases Business Unit (E&IGBU), our regionally based Gas Products businesses reported a 7 percent growth in Profit Before Interest and Tax (PBIT), while the Energy Services business in Trinidad and Tobago posted Losses After Tax of $14.8 million. A slowdown in the new vehicle sales market in 2016 also impacted growth in the Automotive & Industrial Equipment Line of Business (A&IELOB).

The following sections highlight key business performance insights for 2016:

The Automotive & Industrial Equipment Line of Business (A&IELOB) concluded the year with a decline in revenue (7 percent) and profitability (19 percent or $49 million). The EBIT margin was 10 percent in 2016, versus 11 percent in 2015. The LOB's primary operation, Massy Motors Ltd., experienced an 8 percent decrease in revenue and there was margin compression in both vehicle sales and rentals. Our Colombia operations contributed 3 percent to the Business Unit's profitability in 2016, and the Guyana operations grew by 9 percent over 2015. The significant slowdown in the construction sector in Trinidad and Tobago has impacted the Business Unit's sale of capital equipment and parts.

The Energy & Industrial Gases Business Unit (E&IGBU) experienced a decline in revenue of 33 percent or $488 million, and profit decline of 13 percent or $31.2 million, while the EBIT margin was 17 percent in 2016 versus 12 percent in 2015. Within the E&IGBU, the regional Gas Products business reported a 7 percent growth in PBIT, while the Energy services business (excluding associates) in Trinidad and Tobago posted losses of $14.8 million. The performance of the sector was significantly affected by depressed conditions across the global petrochemicals industry. The profits from our Colombia Energy business decreased by 17 percent, despite a 56 percent decline in revenue. The revenue mix in Colombia changed with a 95 percent reduction in Engineering, Procurement & Construction (EPC) business, as most customers reduced their capital expenditure budgets but there was a growth in the Operations & Maintenance ine of business. The Business Unit is directly affected by the downward pressure on commodity prices, and the associated actions of the energy industry operators in Trinidad and Tobago, Colombia and the wider region to curtail operating costs and defer capital expenditure.

The Information, Technology & Communications Business Unit (ITCBU) recorded a revenue decline of 2 percent and a 99 percent reduction in profitability. Our IPTV investment, which launched in March 2016, reported operating losses of $40 million, compared to start up losses of $2 million posted in 2015. Excluding the IPTV losses, the EBIT margin remained steady at 17 percent in 2016. The companies in the ITCBU operating outside of Trinidad and Tobago reported double digit growth, while our 2 main operations in Trinidad and Tobago showed declines in earnings with the slowdown in IT projects from the Government and the Financial Service sectors.

The Integrated Retail Business Unit (IRBU) experienced revenue growth of 3 percent and a 6.5 percent decline in Profit efore Tax (PBT). The EBIT margin decreased from 6 percent to 5 percent. Challenging and competitive trading environments continue to place pressure on margins and comparable sale growth in most of the territories in which we operate. The IRBU continued its network expansion and enhancements, as one new store was opened in Guyana in 2016, while 7 stores were refurbished. The growth in profitability was experienced in the Barbados and St. Lucia stores, while our Trinidad and Tobago stores showed a decline in profitability of 13 percent. Sales in the Trinidad and Tobago stores declined by 2 percent, and operating costs increased, primarily on account of higher depreciation and employee-related-costs. The Distribution operations continued to show improvements in their supply chain management, and achieved revenue growth of 4.8 percent in the recently-concluded Financial Year (FY). With the exception of Trinidad and Tobago, which experienced a marginal decline in revenue, all other territories recorded improved revenue performance fuelled by both organic growth and the acquisition of new Agencies. When compared to prior year, PBT for the IRBU declined by 6.5 percent; however, this was entirely due to the sale of Massy Shipping Services (Trinidad) Ltd. in 2015. Excluding the impact of this divestment, the Distribution businesses realised strong overall PBT growth of 7 percent, despite the challenging economies in which they operate.

The Financial Services Line of Business (FSLOB), comprising of our Insurance and Consumer Finance operations, grew in revenue by 17 percent and there was a 40 percent increase in profitability. The Insurance business contributed 55 percent of the Profit and grew by 20 percent. Earned Premiums in the Property and Motor Line of Business improved by 20 percent, when compared to the prior year. There was an improvement in the performance of our northern Caribbean operations and in the Motor business in Trinidad and Tobago. The Net Loss Ratio remained flat at 54.5 percent and the Combined Ratio improved from 97.5 percent to 96.7 percent. Our Barbados-based Consumer Finance business improved in 2016, largely due to the growth in the credit card portfolio in Barbados and the restructuring of the business in Trinidad and Tobago.

In the **Other Investments portfolio**, revenue improved by 2 percent and profitability increased by 21 percent. In 2015, Roberts Manufacturing had a feed quality issue which, impacted sales and provisioning.

The Head Office and Unallocated Cost was $116 million, a decrease of $27 million or 19 percent over the previous year. These costs include Head Office department costs, unallocated interest costs and several miscellaneous costs which were not allocated to Business Units, and which fluctuate quarterly and annually. Head Office department costs decreased in 2016 by 4 percent, primarily due to the strong discretionary expense management. At the Parent Company, cash held in US currency for investments had an exchange gain following the devaluation of the Trinidad and Tobago dollar in 2016. Pension and Stock Grant Fair Value Amounts declined marginally in 2016.

FINANCE COSTS

Interest costs decreased from $81 million to $ 57 million. Net foreign exchange gains of $19 million were reported for 2016, versus a foreign exchange loss of $3 million in 2015.

PROFITS FROM ASSOCIATES AND JOINT VENTURES

The results from associated companies and joint ventures decreased from a Profit of $40 million to a Loss of $21 million. The performance was mixed, as our joint venture investment in the Energy Business Unit (Massy Wood Group) contributed

Chief Financial Officer's Report

to growth, while the major maintenance charge for the Oxygen Plant and the sale of the ITC investment in Costa Rica incurred non-recurring expenses totaling $69 million after tax.

TAXATION CHARGE

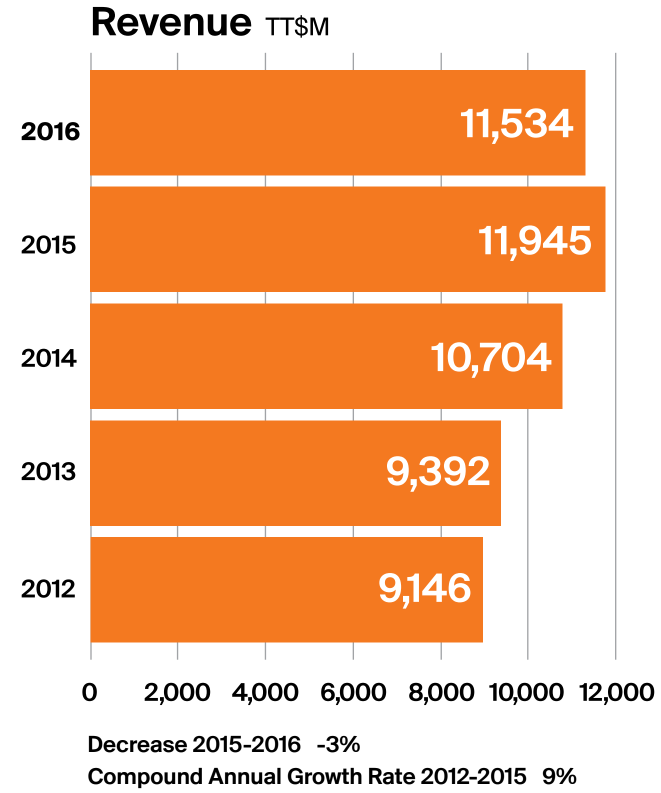
The taxation charge for the Group increased from $251 million to $264 million, and the Effective Tax Rate increased from 27 percent to 33 percent in 2016. Included in the tax charge for 2016 were additional business taxes paid of $9 million in Trinidad and Tobago, due to the rate increase for the Green Fund Levy from 0.1 percent on sales to 0.3 percent, as at March 1, 2016. A further $13 million in deferred tax liabilities were charged in 2016 from the increase in the Corporation Tax Rate in Trinidad and Tobago from 25 percent to 30 percent. The increases in the Corporation Tax and the Green Fund Levy rate impacted the effective rate by 291 basis points. In addition, with the improvement in the contribution from our overseas operations, the tax charge from overseas subsidiaries increased from $72 million to $98 million.

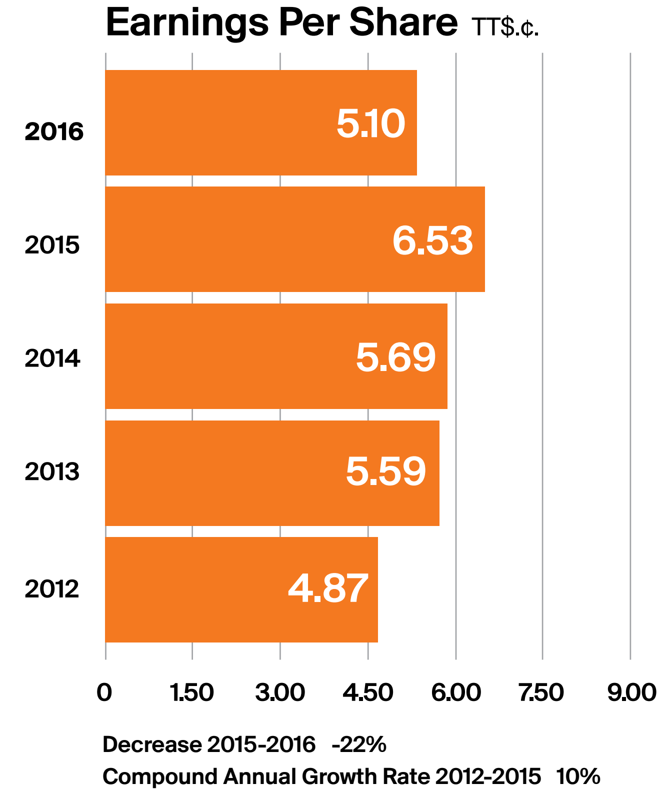
BALANCE SHEET

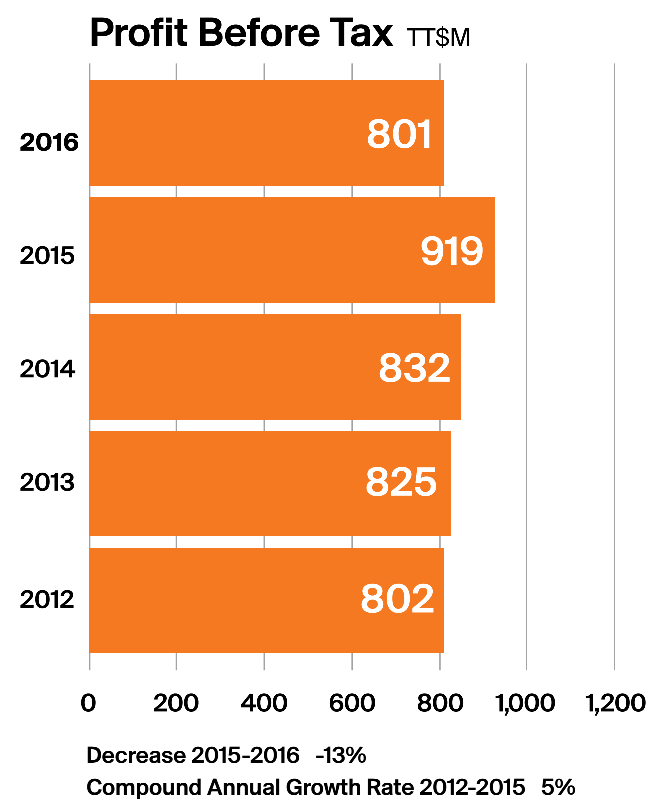
Massy's Balance Sheet is well supported by significant property assets and long-dated debt. Total assets increased from $10.4 billion to $11 billion at the end of September 2016, and the Net Assets Per Share were $49.01. The Group's leverage decreased from 50 percent to 46 percent with the increase in shareholder equity, as the borrowing remained flat at $2.2 billion. 71 percent of the borrowings are long-term borrowings in Trinidad and Tobago dollars. Total cash increased to $2.0 billion by $350 million, through effective Working Capital Management. Our Cash Flow used in investing activities was primarily related to the funding of our Rental Fleet and Equipment business, and the modernisation activities in our Retail operations. At the time of this Report, the Group had $0.8 billion in Capital Expenditure approved by the Parent Board, of which 55 percent was outside of Trinidad and Tobago. Our financial activities had a Net Outflow of $197 million in cash in 2016, compared to $497 million in 2015. This was largely comprised of dividend payments to our Shareholders. The Group has adequate financial resources to support its anticipated short and long-term capital obligations.

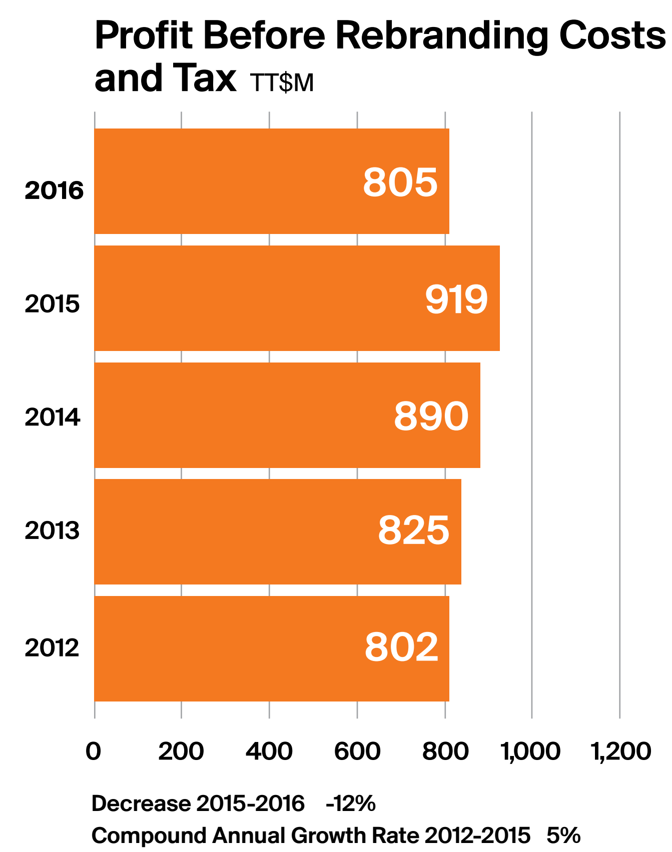
INTERNAL CONTROL AND ASSURANCE

The Group maintains an independent Internal Audit function with a Group-wide mandate to monitor and provide assurance to the Board's Audit Committee and ultimately, to the Board of Directors, as to the effectiveness of the internal control systems. The department is also mandated to regularly report its findings to the Board, via the Audit Committee. The annual internal audit plan, which is also approved by the Audit Committee, applies a risk-based methodology to ensure that the Group's key risks are appropriately and regularly reviewed. In addition, as part of the annual operating cycle, each business is required to review and report on legal liabilities, financial controls, Health, Safety, Security and Environment (HSSE) issues and business risks. Post-implementation reviews are done on all major Capital Investment expenditure.









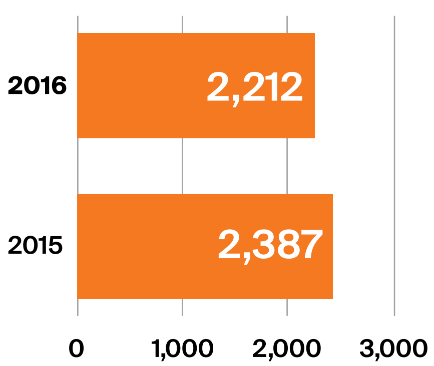
Automotive & Industrial Equipment

Massy Machinery Ltd.
Massy Motors Ltd.
Massy Motors (Tobago) Ltd.
Massy Delima Grupo Automotriz S.A.S.
Massy Motors Automotive Components Ltd.
Massy Pres-T-Con Ltd.
Massy Industries (Guyana) Ltd.
Massy Motors Best Auto Ltd.

David Jardim
Group Senior Vice President
& Executive Chairman, Automotive &
Industrial Equipment Line of Business

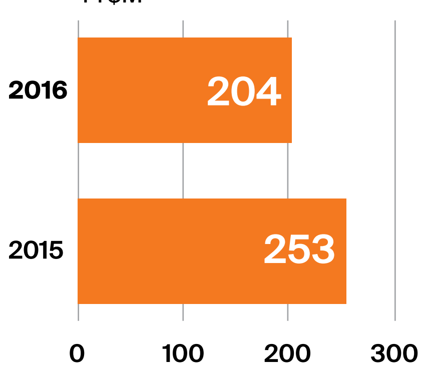
David O'Brien
Group Executive Vice President
& Executive Chairman, Automotive &
Industrial Equipment Line of Business
and Financial Services Line of Business

Revenue TT$M



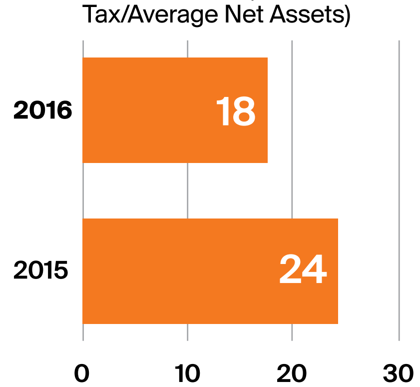
Decrease 2015-2016 **7%**

Profit Before Tax
TT$M



Decrease 2015-2016 **19%**

RONA % (Profit After Tax/Average Net Assets)



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

OVERVIEW

The Automotive & Industrial Equipment Line of Business (A&IELOB), which primarily operates in the Trinidad and Tobago market, mirrored the country's economic climate, recording decreases in Revenue and Profit Before Tax. We continue to demonstrate market leadership, capturing significant market share in new vehicle sales and industrial equipment sales and services through Massy Motors Ltd. and Massy Machinery Ltd. We were able to meet our foreign exchange requirements for the A&IELOB, despite the shortfall in availability of foreign exchange in Trinidad and Tobago, which also affected most trading businesses in the country. In addition, new vehicle sales declined by 10.5 percent, which signalled a conservative and cautious market. In our Industrial Equipment dealership, Massy Machinery, we continue to work towards becoming a world-class Caterpillar dealership. Outside of Trinidad and Tobago, our pursuit of geographic diversification in Colombia is a significant success story for the Group, as well as our continued expansion of National Alamo throughout the region.

Despite operating in a challenging environment, the A&IELOB did not compromise its thrust to develop our people and our leadership. We persisted in efforts to improve the working environment for employees, to improve employee engagement and endorse redefined leadership expectations.

Automotive & Industrial Equipment

Outside of Trinidad and Tobago, our pursuit of geographic diversification in Colombia is a significant success story for the Group, as well as our continued expansion of National Alamo throughout the region.

Improving Dealership Efficiency and Effectiveness

Our Automotive businesses in Trinidad and Tobago are comprised of 4 dealerships – Port-of-Spain, San Fernando, Morvant and Tobago, as well as the long-term leasing and National/Alamo franchises. Both Nissan and Hyundai maintained strong positions in the local market. With respect to market share, Nissan maintained the top position in local sales, with Hyundai in 3rd place. Hyundai delighted the market with the introduction of upgraded models of the Elantra and Tucson this year. We also introduced a new Hyundai SUV model, Creta. A new showroom display was opened in the Borough of Chaguanas and in its first year of operation, has exceeded our expectations. In the first year of full ownership of the Volkswagen dealership, we have introduced the Amarok pickup, which has received excellent reviews from the market. This year, we built additional capacity in our Tobago dealership to service vehicles and install tyres and batteries on-site.

Expansion into Colombian Automotive Market

During the Financial Year (FY) we experienced exceptional growth in sales of the Mazda brand in Cali, Colombia. Sales in Mazda grew 61 percent, year-on-year, to 100 cars per month, which is a sizeable increase when compared to last year's average rate of 62 cars per month. In addition to impressive sales in Mazda new vehicles, our Mazda workshops were awarded 1st and 2nd places in the country. While Kia sales remained steady, our Kia workshop in the north of Cali has improved in status from a 'C'-rated workshop to a 'B' rating, with an expectation that we can meet the requirements to achieve an 'A' rating in 2017. We renovated the Kia showroom in the south of Cali, with extended parking facilities to improve our customer service levels and are in the process of reviewing other potential acquisition opportunities in the Colombian market.

Positioning Massy Machinery as a World-Class Caterpillar Dealer

Massy Machinery continued its drive toward becoming a world-class CAT dealer. To this end, we have strengthened our alignment with Caterpillar by focusing on contamination control, technical certification, customer loyalty, data analytics and digital solutions. We continue to strive for service excellence and deeper employee engagement. Massy CAT now occupies a position in the top quartile of high-performing dealerships in the region, and in December 2016, the company was awarded a 4-star dealership rating. This year, we made a number of strides in improving the dealership through our business model, the markets we serve and our financial performance. This year, we became the official dealership for Mack, UD and Volvo Trucks and had excellent sales in all three lines. Our Energy and Transport Division, servicing power systems and marine applications, also enjoyed some successes this year, despite the downturn in the sector.

This year, we mutually agreed to terminate our relationship with New Holland/Case at Massy Industries in Guyana. This shows our commitment to Caterpillar, the world's leading industrial equipment supplier.

Expanding National Car Rental and Alamo Rent-A-Car and Enterprise Rent-A-Car Franchises

In the 1st quarter of the FY 2016, we opened 2 new National/Alamo/Enterprise locations in Cali at the Alfonso Bonilla Aragon International Airport, and at our dealership location in the north of Cali. 2016 also saw the addition of the National and Enterprise brands to our sub-franchise locations in Barranquilla, Santa Marta and Cartagena on the coast. In addition, we opened National and Alamo locations in Suriname this year, and a new location is scheduled to be opened in Guyana in the new Financial Year. We continued to operate tri-branded locations (National, Alamo and Enterprise) in Trinidad and Tobago, Belize and Turks and Caicos. Belize and Turks and Caicos have expanded their fleets to meet the increasing demand in the car rental market. 2016 was a particularly successful year for customer service improvement, as we achieved increased customer satisfaction level, from 63 percent to 86 percent, holding 2nd position in the region out of 14 operating franchises in Latin America and the Caribbean.

Changing Operating Model at Massy Automotive Components Ltd.

Massy ACL's restructuring efforts, which we discussed in last year's report, helped to reposition the company in 2016 to weather more challenging economic conditions in Trinidad and Tobago. The company continued to develop and deepen the relationship with Willard, a Colombian battery supplier, resulting in growth of local battery sales. Through brokering of export deals for the Power Master brand, we continued to earn foreign exchange.

Strengthening Health, Safety, Security and Environment (HSSE)

The companies continue to meet their key HSSE input targets and have seen improvements in training, workplace inspections and audits. These have contributed to a positive impact on Recordable Incidents and Day Away From Work cases, with an approximate reduction of 40 percent.

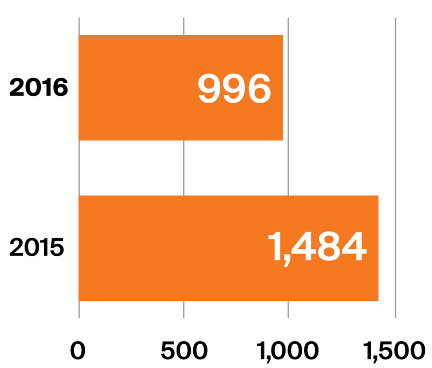
Energy & Industrial Gases

Massy Energy (Trinidad) Ltd.
Massy Energy Engineered Solutions Ltd.
Massy Energy Fabric Maintenance Ltd.
Massy Energy Production Resources Ltd.
Massy Energy Supply Chain Solutions Ltd.
Massy Energy (Barbados) Ltd.
Massy Energy Colombia S.A.S.
Massy Wood Group Ltd.
Massy Gas Products Holdings Ltd.
Massy Gas Products (Trinidad) Ltd.
Massy Gas Products (Jamaica) Limited
Massy Gas Products (Guyana) Ltd.
Massy Gas Products (Barbados) Ltd.
Massy Petrochemical Services Ltd.
Massy Carbonics Ltd.
Caribbean Industrial Gases Unlimited
Caribbean Gas Chemicals Limited

Eugene Tiah
Group Senior Vice President & Executive Chairman, Energy & Industrial Gases Business Unit

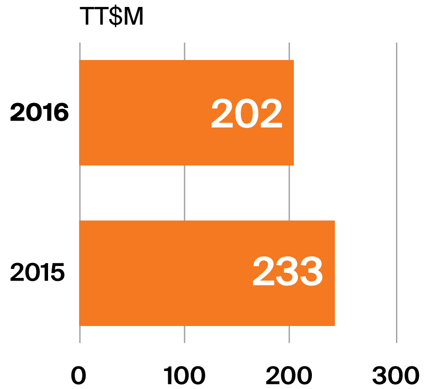
Peter Graham
Executive Chairman, Industrial Gases Line of Business

Revenue TT$M



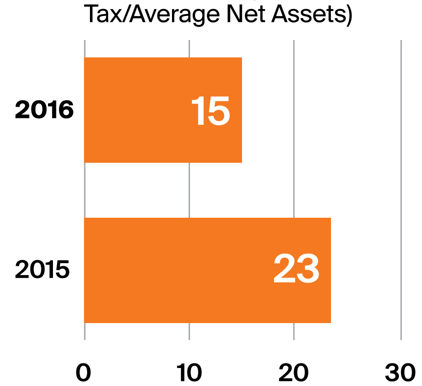
Decrease 2015-2016 33%

Profit Before Tax TT$M



Decrease 2015-2016 13%

RONA % (Profit After Tax/Average Net Assets)



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

OVERVIEW

The Energy & Industrial Gases Business Unit (E&IGBU) recorded a decline in both Revenue and Profit Before Tax in 2016. Notwithstanding this decline, Massy Gas Products (Jamaica) Limited and Massy Gas Products (Guyana) Ltd. showed improvements in meeting their budgeted and prior year's performance. In the last quarter of the Financial Year (FY), global oil prices showed marginal gains, following steady declines earlier in the year.

Overall, the oil and gas industry in both Trinidad and Tobago and Colombia continued to contract, as major operators attempted to balance the fall in revenue with their operating expenses. Both oil and natural gas prices and derived commodities like Liquefied Natural Gas (LNG), Anhydrous Ammonia, Methanol etc., continue to languish at very low levels and those low levels are expected to persist for some time, with a very slow recovery. In Trinidad and Tobago, natural gas supply curtailments continued throughout the year and on an annual average, reached close to 15 percent of peak demand. The combined effect of low commodity prices and natural gas curtailments resulted in key clients in Trinidad and Tobago deferring planned or expected maintenance and capital project activity for the year. There was a similar

Energy & Industrial Gases

In 2016, the E&IGBU, through Massy Gas Products (Trinidad) Ltd. entered the Puerto Rican market, resumed sales to Martinique and expanded its customer base in Barbados, Haiti, St. Lucia, and St. Vincent.

situation in Colombia. Furthermore, there is a consistent drive from major clients to reduce contractors' gross margins on contracted services and the supply of materials and equipment. Major international companies are driving supply chain cost efficiencies through disintermediation strategies and global alliance agreements, resulting in reduced representation margins. As a result, the E&IGBU activity levels were below expectation. The reduction in activity resulted in lower than expected sales of services and equipment.

The E&IGBU continues to face downward pressure on prices from clients, as well as reductions in the scale of turnarounds. The Business Unit also undertook a major plant maintenance exercise at its joint venture oxygen supply company, Caribbean Industrial Gases Unlimited, which bore a significant cost burden and negatively impacted the E&IGBU's overall performance for the year under review.

Cost Containment in Light of Difficult Market Conditions

The E&IGBU achieved a 5 percent reduction in operating cost compared to last year, across the region. Our process excellence drive to improve operational efficiency continued into 2016. In Massy Gas Products (Trinidad) Ltd., operations were restructured to increase the production capacity and lower the cost of production through the consolidation of its carbon dioxide (CO_2) operating plants. The company also continued to roll out improvements in technology to enhance a number of its processes, including barcoding and scanning of cylinders, and automation of its invoicing processes. Massy Gas Products (Jamaica) Limited was able to grow margins by improving its procurement and purchasing model, as well as negotiating better prices for its gas supply.

Our Energy Services operations aggressively approached the cost containment drive this year, achieving a 12 percent cost reduction across the region. Despite the fall-off in margins, Massy Wood Group Ltd. was able to maintain its performance through the expansion of its customer base and careful cost control in its operations. Similarly, Massy Energy Colombia S.A.S. performed creditably despite the decline in the Colombian economy, which is heavily pegged to global energy performance.

Entering New Markets and Expanding our Customer Base

In 2016, the E&IGBU, through Massy Gas Products (Trinidad) Ltd. entered the Puerto Rican market, resumed sales to Martinique and expanded its customer base in Barbados, Haiti, St. Lucia and St. Vincent. Massy Energy Fabric Maintenance Ltd. expanded its service offering to new clients in the offshore industry. Overall, the E&IGBU has also been driving its renewable energy initiative by exploring renewable energy projects across the region and has allocated resources to identify and develop lucrative projects in that market.

Domestic Growth in Jamaica and Guyana Operations

The Industrial Gases Line of Business enjoyed material growth in the domestic markets of Guyana and Jamaica, in that there was growth in the Guyana customer base as well as increased bulk supply and gross profits in Jamaica. Massy Gas Products (Jamaica) Limited benefitted from the rebound in Jamaica's hotel sector and was also able to negotiate better volume discounts as its volume purchases increased. The performance of these territories further enhanced the Group's results by the appreciation of their currencies against the Trinidad and Tobago dollar.

Investing in Downstream Projects

Our primary project in the downstream sector has been our investment in a Natural Gas to Petrochemicals Complex with Mitsubishi Corporation Inc., Mitsubishi Gas Chemical Company Inc., National Gas Company of Trinidad and Tobago Limited and the Government of the Republic of Trinidad and Tobago (GOVTT). The project is continuing apace and progressing as planned, having received the necessary approvals from the GOVTT and the financiers.

Demonstrating Excellence in Customer Service

In May 2016, Massy Gas Products (Jamaica) Limited was presented with the Customer Service Excellence Award in the Medium Size Category by the Private Sector Organisation of Jamaica and the Jamaica Customer Service Association. The company previously copped the award in 2013. Additionally, many companies have made significant progress in improving service delivery through the implementation of a Customer Service Management System (CSMS).

Striving Towards Corporate Governance Excellence

The E&IGBU has made significant strides in driving corporate governance excellence, with Directors undergoing training in a number of key areas, including Statutory Duties and Responsibilities, Conflict of Interest, Securities Trading, and Finance for Non-Financial Directors. There was also significant change to the corporate structure of the Business Unit and its Board compositions, to bring our companies in closer alignment with governance best practices.

Synthesising Health, Safety, Security and Environment (HSSE) Excellence through Leadership, Standards and Best Practices

In 2016, the E&IGBU performance and output showed marked improvement. There were several positive outcomes during the year, resulting from strategic and risk-based management. Some of these outcomes included:

- Significant reduction in vehicular incidents, due to Journey Management Standard and Telematics.
- HSSE Leadership education cadence at the Board level.
- A commendable increase in the leading Key Performance Indicators (KPIs) around Engage|Listen|Act (ELA) Leadership Intervention Programme and leadership communication to staff and contractors.
- The execution of a regional safety stand-down where, in 4 countries 300+ employees participated. Our first-ever regional stand-down centered on "The Courage to Intervene" and "Complacency".

In addition to these outcomes, significant emphasis was placed on Process Safety in 2016, through an approved E&IGBU Process Safety Standard, Process Safety KPIs and Process Safety Training. The E&IGBU also approved and adopted other key risk-based standards, including Dropped Object Management and Client HSSE Risk Management.

During the FY 2016, there were key opportunities for improvement. The E&IGBU successfully decreased our Recordable Incident frequency rate by 30 percent and our Loss Time Incidents by 40 percent, as we continue our relentless drive toward Zero Injuries. We will not be satisfied with any rate above our Zero Harm Target.

Implementation of Process Safety and Management of Change (MOC) continues to be a business imperative, especially within our Industrial Gases companies. We had one significant Process Safety event, which was a fire and explosion of a small Motor Control Centre (MCC) room. This incident did not result in any injuries, and damage was restricted to the room only. We recognise that the areas of MOC and Package Equipment Upgrade Management still require much improvement. As such, actions have been identified and will be taken to address this.

Integrated Retail

RETAIL
Massy Stores (Trinidad)
Massy Stores (Barbados) Ltd.
Massy Stores (SLU) Ltd.
Massy Stores (SVG) Ltd.
Massy Stores (Guyana) Inc.

DISTRIBUTION
Massy Distribution (Trinidad)
- **Massy Distribution**
- **Massy Trading**

Massy Distribution (Barbados) Ltd.
- **Massy Distribution**
- **Massy Trading**
- **Massy Shipping Services**

Massy Distribution (Guyana) Inc.
- **Massy Distribution**
- **Massy Trading**

Massy Distribution (Jamaica) Ltd.
Massy Distribution (St. Lucia) Ltd.
Massy Distribution (USA) Inc.

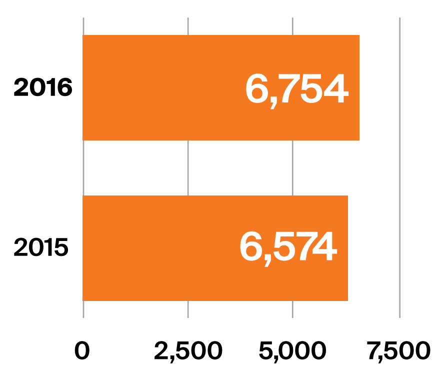
LOYALTY
Massy Card Ltd.
Massy Loyalty Ltd.

Thomas Pantin
Group Senior Vice President & Executive Chairman, Retail Line of Business

Frere Delmas
Group Executive Vice President & Executive Chairman, Integrated Retail Business Unit

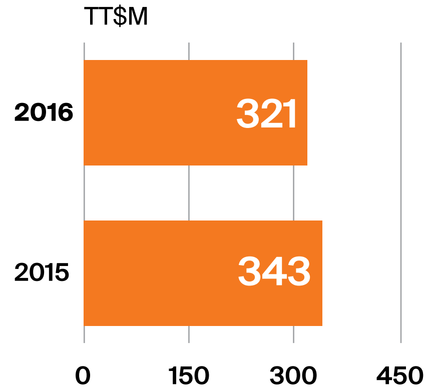
David Affonso
Group Senior Vice President & Executive Chairman, Distribution Line of Business

Revenue TT$M



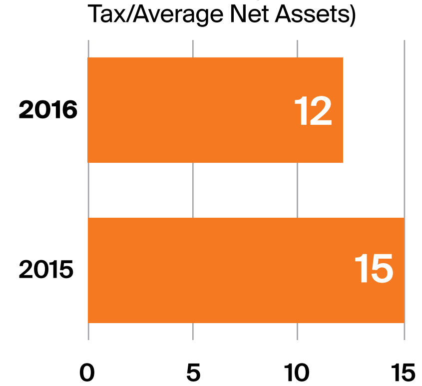
Increase 2015-2016 **3%**

Profit Before Tax TT$M



Decrease 2015-2016 **7%**

RONA % (Profit After Tax/Average Net Assets)



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

OVERVIEW

The Retail Line of Business (LOB) achieved another year of positive growth, with a 2 percent increase in Revenue and a 4 percent increase in Profit Before Tax (PBT), despite low economic growth and strong competition in the territories in which we operate. With the opening of the first Massy Stores location in Guyana, we have solidified our position as a diverse retailer, with varied formats offering both food and non-food products, as well as a wide geographic presence in the region. Guyana is the 5th territory in which we currently operate, which is a significant achievement when compared to 2007, when we operated 19 stores just in Trinidad and Tobago. In 2016, our retail footprint is 648,000 square feet through 47 stores across the region.

The Distribution and Logistics LOB achieved normalised revenue growth of 4.8 percent in the recently concluded Financial Year (FY). With the exception of Trinidad, which experienced a marginal decline in revenue, all other territories recorded improved revenue performance fuelled by both organic growth and the acquisition of new agencies. When compared to prior year, PBT for the Business Unit declined by 5.9 percent; however, this was entirely due to the sale of Massy Shipping ;Services (Trinidad) Ltd. in 2015 and resultant non-accrual of income during the current FY. Excluding the impact of this divestment, the Distribution Line of Business realised strong overall PBT growth of 7 percent, despite the tough economic

Integrated Retail

With the opening of the first Massy Stores location in Guyana, we have solidified our position as a diverse retailer, with varied formats offering both food and non-food products, as well as a wide geographic presence in the region...Today, our retail footprint is now 648,000 square feet through 47 stores across the region.

climate in many of the territories in which we operate. Across the Business Unit, every company (without exception) showed an improvement in profitability as the focus on stricter expense and working capital management took hold.

LOYALTY

Our vision to launch one card for cross-country mobility came to life in 2016 as we successfully consolidated 7 loyalty programmes in Barbados, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago under the Massy Card Loyalty Programme. This initiative was supported by the marketing campaign of 'Earn Everywhere and Burn at Home', which has been well-received by our customers who travel throughout the region. Also, during the year, in collaboration with the Financial Services Line of Business (FSLOB), we transitioned the Magna Rewards loyalty programme in Barbados to a single, integrated loyalty and credit card offering under the Massy Card brand. In Trinidad and Tobago, introduction of redemption at point of sale has been a huge success with customers in Massy Stores, a capability that is now pervasive across the region. Today, there are approximately 400,000 loyalty cards in the hands of our customers and the success of this cross-country and cross-business initiative has demonstrated the power of our core value of collaboration. Our next phase is to continue building our brand by growing the external partner network and to further recognise and reward our loyal customers.

RETAIL LINE OF BUSINESS

Setting a New Standard for Retail in Guyana

In March this year, Massy Stores launched its first supermarket in Guyana – the Group's 47th store in the region. Located in Amazonia Mall, East Bank, Demerara, the store offers the convenience of one-stop shopping within its 16,000 square feet of retail space, making it the largest supermarket in the country. This location also offers a number of value-added services including a deli and bakery, butcher and fresh fish counters, in-store pharmacy, Automated Teller Machines (ATMs), as well as MoneyGram and SurePay points of service. The store's international design, which incorporates wide aisles to comfortably accommodate shoppers, and automated in-store price checkers, is also complemented by extensive parking facilities. By the end of the financial year, the Group has already recorded a significant increase in the store's customer base. Massy Stores (Guyana) currently employs 124 trained Guyanese associates and will double this figure with the launch of our second store, which is currently under construction and is scheduled for launch in 2017.

Identifying Brand 'Massy' in St. Lucia and St. Vincent

We announced in 2014 that the Group undertook a rebranding exercise; however, at that time, our acquisition of Consolidated Foods Ltd. (CFL) was at a nascent stage. Following a 2-year transition period, we undertook the rebranding of 100 percent of our St. Lucia (11) and St. Vincent (3) locations, including our first Massy Stores Gourmet and Massy Stores Mega formats.

Massy Stores Gourmet is located in the upscale Baywalk Mall in Rodney Bay, St. Lucia, offering a select range of health, organic and artisanal products from globally recognised brands. Additionally, the store offers a yacht restocking service, with free delivery to yachts berthed at the Rodney Bay Marina.

Massy Stores Mega is a 50,000 square foot club store located in the north of St. Lucia. This store offers bulk products in a wide selection of grocery, household items, and office supplies, along with value-added services such as a pharmacy, bakery, Bank of St. Lucia kiosk, and ATM. Recently Massy Stores Mega expanded its product range into appliances (large and small), furniture, and home furnishings, and offers Hire Purchase (HP) and free delivery on certain purchases.

Store Modernisation Across the Region

Massy Stores continued to modernise stores, in keeping with our strategy of developing and growing our retail footprint and aligning all stores across the region to our Massy Stores value propositions. In Fiscal 2016, the Group invested approximately $60 million to refurbish 7 stores in 4 countries. Trinidad and Tobago remodelled and expanded the Chaguanas, Pt. Fortin and Moka stores, increasing the retail footprint by 22 percent. The refurbishing of the La Tourney and Rodney Heights stores in St. Lucia, as well as the modernisation and conversion of the Kingstown store in St. Vincent, were both done concurrent with their respective rebranding exercise. Notably, approximately 40 percent of our stores have been modernised over the last 3 years, with 40 percent completed in Trinidad and 44 percent in St. Lucia, where the main focus has been. Modernisation plans have already been set in motion for locations in Barbados and St. Lucia in the new year.

Region-Wide Collaboration

Collaboration among key personnel in the Massy Stores regional network was instrumental in the preparation and successful launch of the new Massy Stores Supermarket in Guyana. Furthermore, during the Financial Year, more emphasis was placed on the alignment of best practices across the territories to improve operational efficiency. Cross-functional, regional teams were formed to work on key areas such as shrink and inventory management, category management, and store modernisations. Collaboration is one of Massy's core values, and will continue to be a cornerstone in the operation of our stores.

Health, Safety, Security and Environment (HSSE) and Customer Service

HSSE continues to be a priority for the Retail LOB. The general aim for 2015-2016 Fiscal Year was divided into 2 main tenets: proactive self-governance and management system alignment. The Retail LOB is committed to building an engaged and enabled workforce, through region-wide training programmes. In Massy Stores St. Lucia, the Safety Leadership Programme was targeted towards the Senior Management Team. Additionally, Leadership Teams in Trinidad and Tobago and Barbados received Occupational, Safety and Health Administration (OSHA) training. The training vastly improved critical areas within our HSSE framework, such as increased internal safety competency of our Management teams, assisted in building an informed workforce, and improved our risk awareness as it pertains to our employees, contractors, suppliers and customers. Continued alignment to operational risk management systems and standards remained a focus within the fiscal period. The LOB is pursuing management system implementation in areas of Occupational Health and Safety, Business Continuity and Food Safety, complemented by internal risk-based control approaches which assist in HSSE interventions, accident investigations and dissemination of lessons learned. Through these approaches, an evident transition in our reporting culture is clear and this is illustrated by increased engagement, as well as improved HSSE performance.

The Customer Service Management System (CSMS) is fully implemented in Trinidad and Tobago, and the focus during the year has been on the speed of lines and availability of products, which are considered the main contributors to customer satisfaction by the American Customer Satisfaction Index™ (ACSI). Notably, in 2017 Trinidad and Tobago will be aligning to the new CSMS document and working towards International Organisation for Standardisation (ISO) certification CSMS in St. Lucia and Barbados are 60 percent and 68 percent complete respectively, with emphasis during Fiscal 2016 on training and development, documentation, and building employees' awareness. Additionally, St. Lucia aligned its customer feedback

Integrated Retail

Our vision to launch one card for cross-country mobility came to life in 2016 as we successfully consolidated 7 loyalty programmes in Barbados, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago under the Massy Card Loyalty Programme.

system to the Group's. Plans for 2017 include the improvement of CSMS audits, document management, employee engagement and training. St. Vincent and Guyana have started the CSMS implementation process with over 40 percent completion at the end of the Business Unit's Fiscal 2016. Progress has been made in all 10 elements of CSMS, and action plans have been developed to achieve full implementation in 2017.

DISTRIBUTION & LOGISTICS LINE OF BUSINESS

Best Practice and Synergies

During the year, the Business Unit continued to pursue its strategic objective of identifying and transferring best practices between its operating companies as a means of improving their individual performance and by extension, that of the Unit as a whole. To this end, 'centres of excellence' have been developed for each of the key disciplines that support the efficient operation of a distribution business and these are used to support individual companies as they seek to improve their operations.

As structures and systems among the companies align, the ability to offer principals a truly seamless solution to market access and representation in the Caribbean has improved and this has, in turn, provided new opportunities for the companies and the unit as a whole.

Growth

Massy Distribution (Trinidad) showed a significant improvement in its profitability, despite the marginal fall in revenue experienced. As retailers and customers adjust to the downturn in the Trinidad and Tobago economy, the company continues to aggressively pursue its objective of achieving increased operational efficiency by removing unnecessary cost from its operations in an effort to keep its 'go-to-market' cost to a minimum. Ongoing challenges faced during the year in sourcing foreign exchange have forced the company to critically assess the composition of its product portfolio, in an effort to ensure that available currency is being effectively utilised. While this has forced the discontinuation of certain lines, the company has selectively pursued and secured several strategic new agencies to drive improved profitability in both the short and long term. New lines have been acquired in all sectors of the business, but particular emphasis has been placed on developing the product portfolio of the company's Agriculture and Industrial Chemicals business, which has seen renewed growth since its reorganisation earlier in the year.

To increase its revenue base in an environment of declining consumer spend, Massy Distribution (Barbados) has continued to pursue the representation of new principals and agencies. During the year the company acquired 3 major new lines in the Food, Consumer Products and Wines and Spirits areas of its business, respectively. While these lines did not significantly impact the current year's performance, they will ensure that the company meets its future growth objectives and continues to deliver year-on-year growth that meets or exceeds our stakeholder's objectives.

Massy Distribution (Guyana) achieved growth over the prior year in terms of both its revenue and profitability, due in large part to growth in its Food and Consumer business. The anticipated sale of equipment to both the sugar and rice industries did not materialise however, and this affected the company's overall performance when compared to budget. The recent oil finds have generated a great deal of optimism in Guyana and this, combined with the new distribution facility and the opening of the first Massy Store in March 2016, has in turn generated increased interest from principals with regard to representation. Discussions are currently underway for the acquisition of some exciting new brands for the business in Guyana, and in anticipation of future growth, the company purchased almost two acres of land adjacent to the current warehouse facility to provide for its efficient expansion.

Massy Distribution (Jamaica) Ltd. had another improved year, the company achieved double-digit revenue growth and delivered a significantly improved PBT. Windsor Laboratories, a subsidiary of the company involved in the manufacturing and sale of personal care products, also returned to profitability during the year and was a significant contributor to the company's success. We expect that as economic recovery in Jamaica gains momentum and consumer and business confidence improves, the company will continue on this path and deliver profitable growth for the Group.

Massy Distribution (St. Lucia) Ltd. completed its 3rd year of operation and realised double-digit growth in both its revenue and PBT. The company again grew its portfolio of agencies with the acquisition of major international principals in both the Food and Consumer business during the year. Towards the end of the year agency representation for one of the leading international Wines and Spirits houses was also acquired. After just 3 years in operation, the company is now firmly positioned as one of the leading distributors on the island and is an integral link in our strategy to provide principals with a total solution to efficiently serving the Caribbean market.

Massy Distribution (USA), which operates out of Miami, Florida, had an excellent year, recording double-digit growth in both its revenue and PBT. The rebranding of the Group has brought increased visibility to the reach of both its Retail and Distribution businesses across the Caribbean, and this has proven to be an attractive option for many principals seeking a cost effective way to market their products here. Distribution USA secured representation for several significant new lines during the year and additional resources have been taken on to manage the rapidly growing business. The new warehouse facility has proven to be a huge asset in facilitating the growth of this business and IT and other support systems are currently being upgraded to ensure that efficiency is maintained and that principals and customers receive the highest possible level of representation and service.

QUALITY ASSURANCE SYSTEMS

HSSE and Customer Service

Efforts to improve the HSSE performance of the Business Unit continued throughout the year and gains were noted in most companies as evidenced by a decline in the number of incidents and accidents, days away from work and other 'lagging' indicators recorded. Work in this area does, however, remain ongoing, as each company faces specific risks associated with its particular geography, product portfolio or other aspects of its operating environment. In the year ahead, greater efforts will be made to identify these company-specific issues and to tailor each company's HSSE plan, training and response systems to better address and thereby minimise the risk associated with them.

We continue to focus on building the capacity of our employees across the region, through customer service training for all levels of staff. Customer feedback garnered from surveys conducted is now being more effectively used to gauge satisfaction levels and create country-specific strategies for improvement. The Employee Engagement Survey being conducted annually across the Group has also assisted in this effort. We have been able to identify areas where our teams responsible for delivering service to our principals and customers are not fully engaged and take the appropriate steps to address these deficiencies.

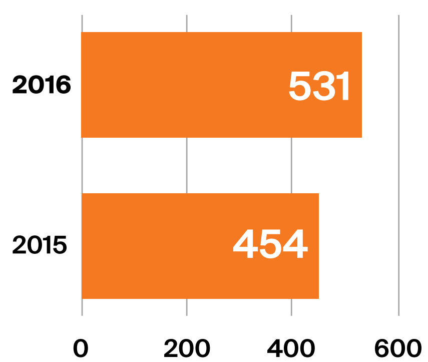
Financial Services

Massy United Insurance Ltd.
Massy United Insurance (Guyana) Inc.
Massy Finance GFC Ltd.
Massy Remittance Services (Trinidad) Ltd., representing the MoneyGram Franchise
Massycard (Barbados) Limited
Massy Credit Plus Ltd.
Massy Services Guyana Ltd.

David O'Brien
Group Executive Vice President & Executive Chairman, Automotive & Industrial Equipment Line of Business and Financial Services Line of Business

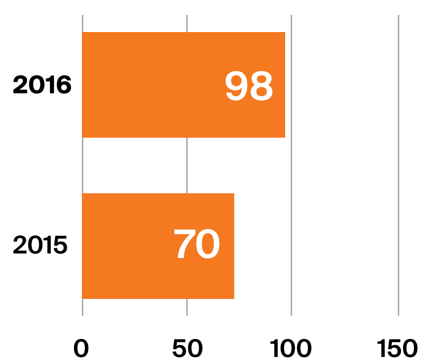
Howard Hall
Group Senior Vice President & Executive Chairman, Financial Services Line of Business Unit

Revenue TT$M



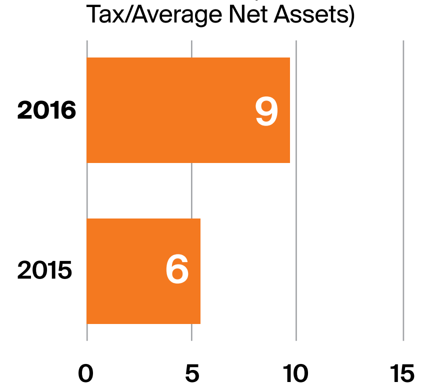
Increase 2015-2016 17%

Profit Before Tax TT$M



Increase 2015-2016 40%

RONA % (Profit After Tax/Average Net Assets)



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

OVERVIEW

This year, the Group took the decision to combine Massy United Insurance Ltd. (Massy United Insurance). with companies previously under the Consumer Finance Line of Business (LOB), including Massy Finance GFC Ltd., Massy Remittance Services (Trinidad) Ltd., and Massy's Credit Card business in Trinidad and Tobago and Barbados. The change will allow the Group to better leverage the unified Financial Services LOB offerings to consumers and also play significant roles in Massy's ecosystems, such as the Automotive ecosystem, in which vehicle purchases can be insured and financed within the Group. In addition, they support other ecosystems along with the Energy & Industrial Gases Business Unit and the ITC Business Unit. The Financial Services LOB recorded a 17 percent increase in Revenue and a 40 percent increase in Profit Before Tax (PBT) for 2016.

In the Insurance Division, the slow economic growth in Barbados and most of the Caribbean territories, resulted in continuing softening of the market, increased price competition among carriers and further deterioration of average rates. Furthermore, impact of falling oil prices on the Trinidad and Tobago economy puts a greater challenge on the company to achieve its

Financial Services

Massy United Insurance continued to execute on its regional growth strategy and during the year commenced operations in the Cayman Islands, St. Kitts and the British Virgin Islands, bringing the total number of territories in which we operate to 18.

growth aspirations in this market. Notwithstanding, Massy United Insurance delivered growth in Revenues of 19 percent and Growth in Profitability of 20 percent. The improved performance is largely attributable to growth in the northern Caribbean markets, growth in the Motor Insurance business in Trinidad and Tobogo, as well as improved loss experience in 2016.

The Consumer Finance Division experienced a year of mixed performance. The decline in the Trinidad and Tobago economy, resulting in a fall-off in motor vehicle sales, impacted loan revenue within the Consumer Finance Division. However, the restructuring of the business to downsize the Credit Card business in Trinidad and Tobago and the substantial clean up of legacy issues in Massycard (Barbados) Limited has resulted in a substantial improvement in the financial performance of this division.

In the Money Services Division, our share of the remittance market has continued to grow in Trinidad and Tobago and Guyana, through targeted marketing and with significant improvements in the level of customer service offered at our locations. In Trinidad and Tobago, and in response to the challenges in the foreign exchange market, Massy Remittance Services (Trinidad) Ltd., temporarily suspended 'Sends' (outgoing wire money transfers). During that time, the Leadership Team, along with MoneyGram International, devised a strategy to reopen 'Sends' , while exploring untapped opportunities outside of Trinidad and Tobago to help close the gap from the loss of the 'Sends' business. The turnaround was successful and the company is actively targeting the diaspora in New York, Florida and Canada to increase 'Sends' from these markets, stimulating greater inflows of foreign exchange.

This year, the company was also recognised by MoneyGram International for its longstanding partnership, exceeding 20 years, and outstanding service in the Trinidad and Tobago market.

Achieving Regional Growth

Massy United Insurance continued to execute on its regional growth strategy and during the year commenced operations in the Cayman Islands, St. Kitts and the British Virgin Islands, bringing the total number of territories to 18. Further, in February 2016, we commenced the roll-out of our Bancassurance arrangement with CIBC First Caribbean. Thus far, we have started in Barbados, St. Lucia, Cayman Islands, Antigua, the Turks and Caicos Islands, St.Kitts, St. Vincent and Grenada.

Massycard (Barbados) Limited also achieved 7 percent growth in the number of cardholders with a 22 percent growth in the value of spending. The company also added a travel agency to its suite of service operators, which enables Barbados-based cardholders to use the Massy Credit Card to purchase airline tickets.

Enhancing Profitability and Improving the Agency Model

In February 2016, Massy United Insurance continued the process of the conversion of some of our agencies into branches to achieve greater market focus, brand synergies and efficiencies. We completed the opening of our Branch operations in Guyana and we expect to finalise the Curaçao conversion in early 2017.

We also established an additional agency relationship in the Bahamas (bringing the total to 3) and this territory has shown strong growth during the Financial Year (FY).

Strengthening Customer Service

Effective September 2016, the companies in the Financial Services Line of Business formed one Customer Service Team and we are tracking the implementation progress in each company, as well as identifying opportunities for Group initiatives. The first Group initiative launched was the implementation of one combined customer service philosophy. As one team, we continue to share knowledge and resources, thus accelerating the speed of implementation in each individual company. Another key benefit of the combined customer service approach is that we now have the resources to conduct audits on each company to further guide and support the implementation of our customer service strategy.

Massy Remittance has significantly improved its customer service quality, improving by 79 percent across Massy Stores (Trinidad) locations. We held consistent and more rigorous customer service training for our Customer Service Representatives (CSRs).

Massy United Insurance received satisfaction levels above 80 percent on its recent annual Customer Service Satisfaction Survey. This, coupled with the Customer Research Project currently underway, will provide significant insight into customer preferences, expectations and experience and help us identify opportunities to improve our processes and customer experiences.

Although the other companies in the Financial Services Line of Business will be conducting their first audit and satisfaction surveys during FY 2017, each company has embraced the philosophy and the culture of excellence that we are seeking to nurture. Building on this continues to demonstrate to our customers that we are their trusted partner.

Strengthening the Compliance Infrastructure

We continued to leverage on the expertise of our in-house Compliance Officers at Massy Finance GFC Ltd., Massy Remittance Services (Trinidad) Ltd. and Massy United Insurance in Trinidad and Tobago, to provide support and to develop a standardised regime across the major territories in which we operate. All operations within the Financial Services Line of Business are continuously engaged with the regulators to ensure full compliance and adherence to best practice within our sectors. Massy Finance GFC Ltd.is in the process of rolling out a new compliance framework and the last year saw intensive focus on the people and systems aspects of compliance. This year, the company substantially improved its reporting process to regulators.

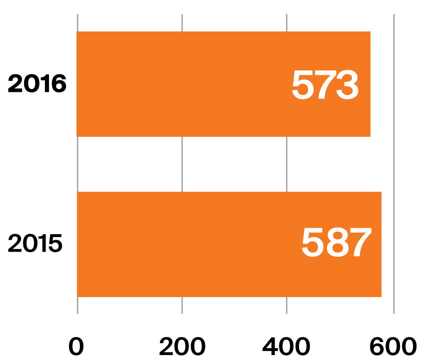
Massy United Insurance was successful in re-affirming its AM Best A- (Excellent) rating in March 2016, for the 12th consecutive time. This was a reflection of the financial strength of the company and its parent, the high quality of reinsurance support and the continued performance of its core Caribbean insurance portfolio.

Information, Technology & Communications

Massy Technologies (Trinidad) Ltd. ***(Holding Company)***
Massy Technologies InfoCom (Trinidad) Ltd.
Massy Technologies InfoCom (Jamaica) Limited
Massy Technologies InfoCom (Barbados) Ltd.
Massy Technologies InfoCom (Caribbean) Ltd.
Massy Technologies (Guyana) Ltd.
Massy Technologies InfoCom (Antigua) Ltd.
Massy Technologies Applied Imaging (Trinidad) Ltd.
Massy Communications Ltd.

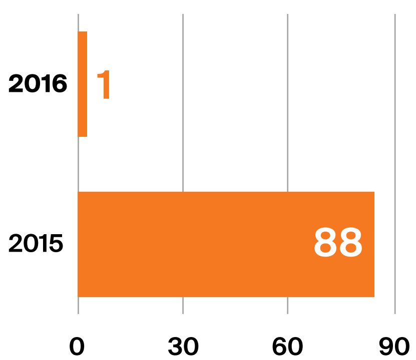
Fenwick Reid
Group Senior Vice President & Executive Chairman, Information, Technologies & Communications Business Unit

Revenue TT$M



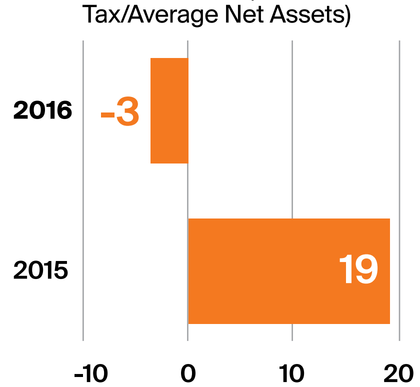
Decrease 2015-2016 2%

Profit Before Tax
TT$M



Decrease 2015-2016 99%

RONA % (Profit After Tax/Average Net Assets)



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

OVERVIEW

The Information Technology & Communications Business Unit (ITCBU) experienced a difficult Financial Year (FY) in 2016. The Business Unit recorded negative growth in revenue and decreased Profit Before Tax (PBT) for 2016. Trinidad and Tobago's economic challenges impacted our performance; however, our businesses in Jamaica, Barbados, Antigua and Guyana all performed creditably, with noteworthy improvements in our Jamaica and Barbados operations, when compared to the prior year's performance. In addition to the overall challenges in the Trinidad and Tobago economy, the financial performance of the ITCBU was also negatively impacted by our I&G Technologies investment in Costa Rica, as well as costs incurred in our start-up of the Massy Internet I TV (IPTV) project.

Information, Technology & Communications

Our regional operations delivered good growth over the past year. In Jamaica, Massy Technologies InfoCom exceeded expectations for the year, surpassing targets in the professional services, and self-service initiatives in the financial sector. They also enjoyed a number of successes delivering workforce management solutions in Barbados and Guyana.

Performance of Consumer Broadband/IPTV

In March 2016, we successfully launched Massy Internet | TV, (IPTV) providing both internet and TV to residential subscribers. Despite the delayed launch, we completed Phase 1 of the project which involved extending the fibre-based network to a number of communities across Trinidad and Tobago. We continue to add customers to our existing network and differentiate ourselves in the market by offering quality customer service to our growing subscriber base.

Positive Performance from Regional Operations

Our regional operations delivered good growth over the past year. In Jamaica, Massy Technologies InfoCom exceeded expectations for the year, surpassing targets in the professional services and self-service initiatives in the financial sector. They also enjoyed a number of successes delivering workforce management solutions in Barbados and Guyana. The company continues to grow year-on-year through the delivery of innovative solutions in financial, retail, government and commercial sectors. Similarly, in Barbados and Antigua, Massy Technologies InfoCom also exceeded the prior year's targets by focusing on growing its existing IT business and diversifying solutions to generate more professional services and managed services.

Despite the tightening of the economy in Trinidad and Tobago, both Massy Technologies InfoCom (Trinidad) Ltd. and Massy Technologies Applied Imaging (Trinidad) Ltd. were profitable and both concluded the year with satisfactory performance levels, through the provision of innovative services to customers and prudent expense management. Over the last year, the ITCBU made some significant improvements in developing a host of new managed services, particularly out of the Trinidad and Tobago operations, as well as new services in the Business Intelligence space, working with major global vendors in this area.

Improvement of Transaction-Based Services

As part of its strategy to deliver innovative, transaction-based services, the ITCBU has embarked on a major upgrade of its Surepay platform. The upgraded system will provide more services, features and functions to our customer base.

I&G Technologies Investment

Our investment in I&G Technologies in Costa Rica has not performed to our expectations, though we have seen some improvement in its performance in some territories. The company has continued to post operating losses and continues to require further cash injections. Based on its operating position as well as our concerns regarding its future ability to generate positive returns for the Group, we have taken a decision to discontinue further funding and exit this investment. The results of this decision are reflected in this FY's operating performance.

Health, Safety, Security and Environment (HSSE) and Customer Service

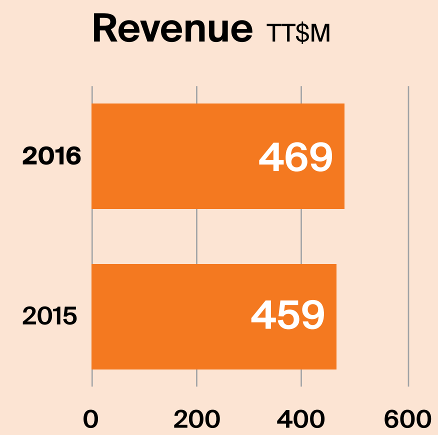
The ITCBU saw positive variances, ranging from 7–50 percent in its cumulative HSSE leading indicators for the Trinidad and Tobago-based companies as they pertain to Training, Audits, Facilities Risk Assessments and Drills for the 2015-2016 fiscal period. One of its Trinidad and Tobago-based companies, Massy Technologies InfoCom (Trinidad) Ltd., was able to attain recertification of its 2-Year High Level Safe To Work (STOW) certification. Meanwhile, Massy Technologies Applied Imaging (Trinidad) Ltd. and Massy Communications Ltd. maintained their STOW certifications successfully during that period. Our regional offices in Barbados, Jamaica and Guyana continued to develop their Safety Management Systems as evidenced through policy roll-outs, gap analyses, compliance checks and increased training opportunities for staff members.

The Massy Customer Service Management System (CSMS) is one of the core strategic pillars at the ITCBU. Implementation of the Customer Service Philosophy and organisation-wide training provided to over 300 employees over the past year, has illustrated employee commitment to customer service improvement. Process improvement is an area of focus in the CSMS and is one of the mechanisms, in conjunction with the External and Internal Customer Satisfaction Surveys, to engage employees and engender growth and continuous improvement of the ITCBU.

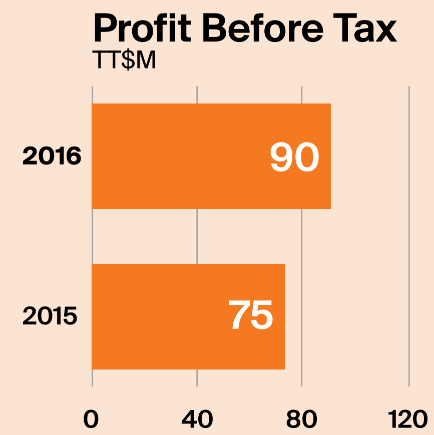
Other Investments

BCB Communications Inc. ***(Holding 51%)***
Massy Properties (Trinidad) Ltd.
Massy Properties (Barbados) Ltd.
Massy Realty (Trinidad) Ltd.
Roberts Manufacturing Co. Ltd. ***(Holding 50.5%)***
Seawell Air Services Limited

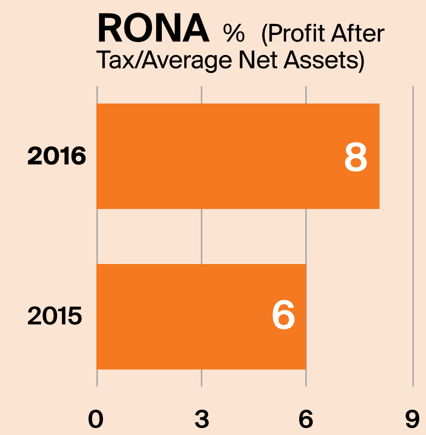
ASSOCIATES
Caribbean Airport Services Ltd. ***(Holding 49%)***



Increase 2015-2016 2%



Increase 2015-2016 21%



RONA (Return on Net Assets)

* 2015 - 2016 % change based on segment results reported on Note 5 of the Consolidated Financial Statements

SUBSIDIARIES

BCB Communications Inc. (BCB) (51 percent) recorded a decline in profit versus the prior year as a result of decreased advertising spends and a shift in its advertising mix, moving from traditional media to social and digital media. During the year, BCB continued to aggressively seek new business opportunities from new clients which will set the platform for future growth. With the current trend of increased social media services, BCB has identified this area as potential growth opportunity, as more clients incorporate new media in their advertising spend.

During the fiscal period, **Massy Properties (Barbados) Ltd.** amalgamated two Group companies, namely Sunset Crest Holdings and Warrens Realty, resulting in a 31 percent increase in overall revenue compared to prior year. The company experienced an increase in operating expenses, particularly at our heritage properties in Bridgetown. The expenses incurred were primarily due to corrective and preventative maintenance requirements, in compliance with Health and Safety laws. As a result, Massy Properties in Barbados recorded a decline in profit compared to the prior year.

Massy Properties (Trinidad) Ltd. owns several commercial properties throughout Trinidad and Tobago and leases properties to both the public and private sectors. Apart from commercial leasing, the Company provides facility and project management services, parking, conference and dining facilities to its tenants and the general public. Notwithstanding a tumultuous year's performance, the Company surpassed the previous year's revenue and Profit Before Tax (PBT) targets, despite having less than 100 percent occupancy for the majority of the year. The company continued to focus on robust cost controls while providing its core service of building and equipment maintenance and delivering good customer service.

Massy Realty (Trinidad) Ltd. continues to provide real estate brokerage services, as well as consultancy services to a number of clients. The downward pressures in the local economy, resulting from the contraction in the energy sector, have affected the commercial and residential rental markets; however, market prices remain relatively unaffected.

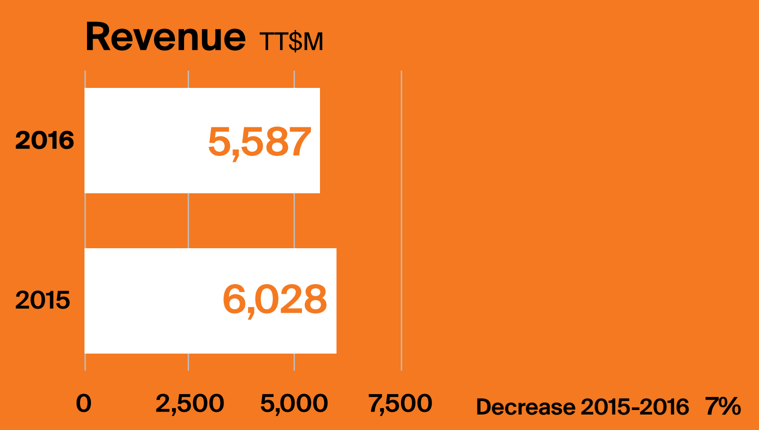
Roberts Manufacturing Co. Ltd. achieved improved results over prior year. Increased poultry imports have somewhat negatively affected the local poultry industry and our animal feed sales. Albeit, the company has offset these challenges by improving its management of input and administrative costs, to assist in maintaining stable and competitive pricing in the market. We continue to lobby in collaboration with the local poultry industry to raise awareness of the negative impact of poultry imports on the local farming community. As it relates to our consumer goods portfolio, our focus continues to be on growing market share in existing territories and penetrating new export markets.

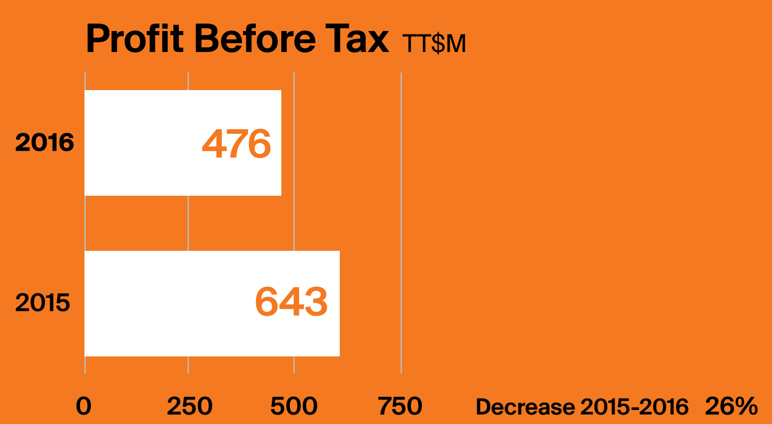
Seawell Air Services Limited endured another challenging year, with reductions in revenue from major airline customers, but benefited from new revenue sources which resulted in an increase in revenue for 2016. The outlook for the 2016-17 winter season is promising, with an expected increase in flight activity. The company is anticipating an improved performance in the subsequent financial year.

ASSOCIATES

Caribbean Airport Services Limited (CAS) (49 percent) is owned by Seawell Air Services Limited and LIAT (1974) Limited owns the remaining 51 percent. CAS provides ground handling services at the V. C. Bird International Airport in Antigua. The Company made a small loss in the 2016 Financial Year. The outlook for the Company is positive with new contracts which came on stream during the fiscal period.

Trinidad & Tobago





E. Gervase Warner
President & Group
Chief Executive Officer

REGIONAL PERFORMANCE

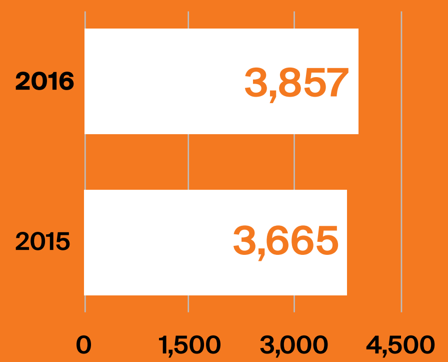
While Trinidad and Tobago faced increasing challenges, the strength of the Group's regional diversification served to buffer the shortfalls in our Trinidad and Tobago operations. The country remained in recession for 2016 and our Energy businesses grappled with the fallout from global industry challenges. Notwithstanding the challenges in the economic environment, we continued to explore new ways of balancing revenue shortfalls with operating expenses, while servicing existing clients and creating new opportunities to extend our product and service offerings.

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.

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 (IPTV) 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.

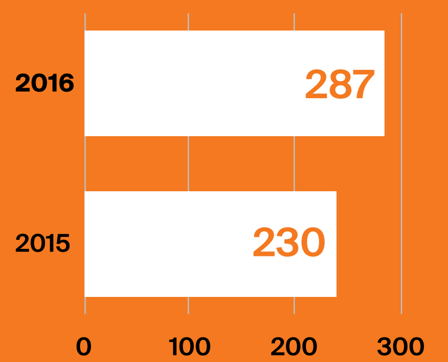
Barbados & The Eastern Caribbean

Revenue TT$M



Increase 2015-2016 5%

Profit Before Tax TT$M



Increase 2015-2016 25%

Frere Delmas
Country Manager
Massy Barbados

REGIONAL PERFORMANCE

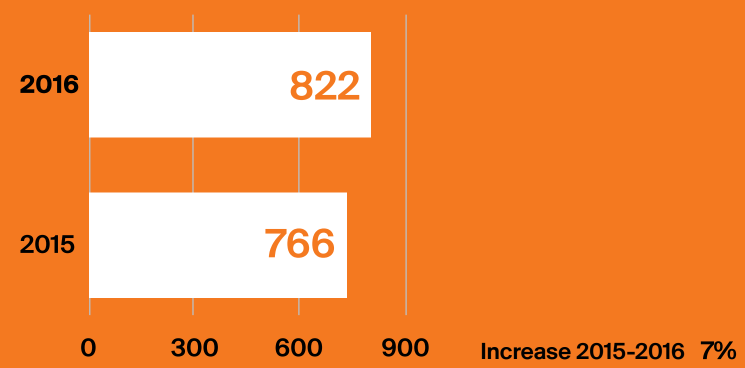
Barbados and the Eastern Caribbean territories had an excellent performance for 2016, with overall increases in both Revenue and Profit Before Tax (PBT). Our Integrated Retail companies in Barbados, St. Lucia and St. Vincent, together with Massy United Insurance and Roberts Manufacturing, were the main contributors to the growth in profit over the prior year.

The Barbados government continues to wrestle with a high fiscal deficit and debt burden, which dampened the positive effects arising from tourist arrivals, construction activity and low inflation rates in 2016. Economic projections for 2017 are modest, and any significant growth in the market will be highly dependent on tourism and any improvements in a volatile international business sector. In St. Lucia, economic growth for 2016 was low, as tourist arrivals fell. Our operating companies in St. Lucia have performed well in 2016, particularly Massy Stores, which continues to grow and solidify its leading market position. St. Vincent, one of our smaller territories, has also experienced low economic growth in 2016. However, our Retail entity continued to improve its performance, and with the expected opening of the new Arnos Vale International Airport, we remain positive about the future of this market.

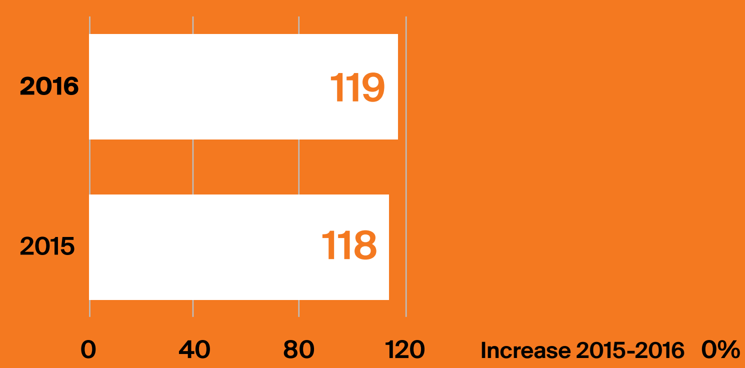
Barbados and the Eastern Caribbean remains a significant contributor to Massy Group profits. As we move into 2017, we will continue our emphasis on HSSE, employee engagement, training and development, customer service and cost efficiencies.

Guyana

Revenue TT$M



Profit Before Tax TT$M



Deo Persaud
Country Manager
Massy Guyana

REGIONAL PERFORMANCE

Guyana's economic performance continued to be stimulated by growth in the gold industry, which was boosted by production from 2 new foreign companies and steady progress from small miners. Moreover, the bauxite industry has regained momentum with increased production. However, rice and sugar production were affected in the 1st half of the year, due to unstable weather conditions.

Global commodity prices for most of Guyana's major exports are up, with prices for gold, sugar, logs and aluminum continuing to rise, though prices for rice declined. The price of oil, one of Guyana's key imports, rose slightly.

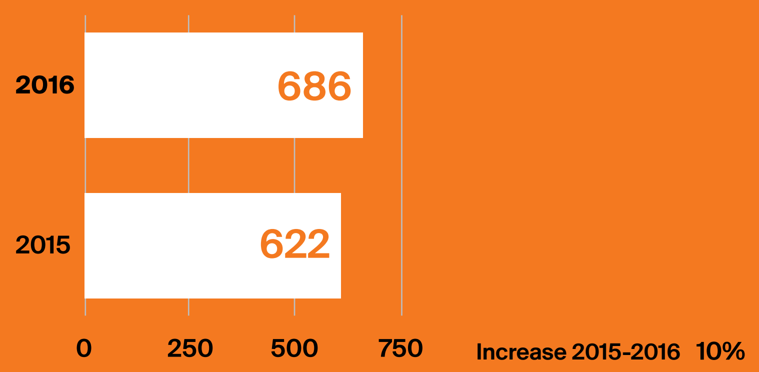
Revenue and Profit for 2016 increased over the prior year, with notable performance being recorded by the Industrial Gases business, which experienced improved margins and volume growth attributable to the sale of Liquefied Petroleum Gas (LPG). However, our Distribution business was challenged by price volatility in the dairy segment, which adversely affected performance in this Unit. We consolidated our Agriculture Inputs business under Massy Industries and rationalised our machinery portfolio, which resulted in the termination of business with CNH Construction.

In March this year, we opened the first Massy Stores Supermarket in Guyana, which set a new standard for retail in the local market. With 16,000 square feet of retail space, the customer base has been steadily growing and the market eagerly anticipates the opening of the 2nd store at the East Coast MovieTowne Complex.

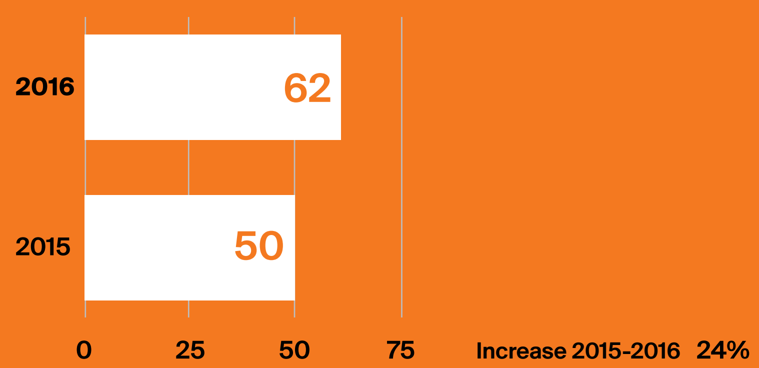
The Guyana Group focused on leadership intervention initiatives, including advanced safety conversations, workplace inspections and staff meetings as a way of strengthening the HSSE culture. The group was successful in using the American Customer Satisfaction Index™ (ACSI) as the standardised tool for the measurement of customer satisfaction, as well as benchmarking of performance across the region. Additionally, progress continued on the implementation of the Customer Service Management System (CSMS).

Jamaica

Revenue TT$M



Profit Before Tax TT$M



Peter Graham
Country Manager
Massy Jamaica

REGIONAL PERFORMANCE

The Massy Jamaica operations reported a double-digit increase in earnings when compared to the prior year, driven by strong performance in the Gases and Technology businesses.

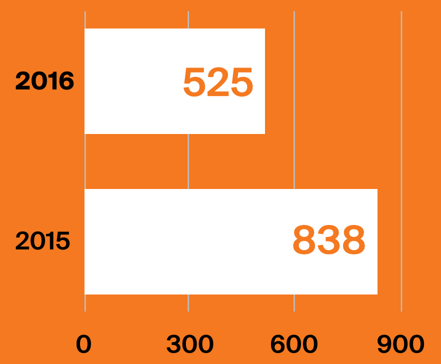
Guided by conditions attached to the Extended Fund Facility (EFF) agreement with the International Monetary Fund (IMF), key macroeconomic indicators have improved. The country was successful in the 13 quarterly reviews conducted to date by the IMF. Despite a 7.7 percent devaluation of the local currency when compared to its US counterpart, inflation for the fiscal year was at a record low of 2.9 percent, the Net International Reserves (NIR) remained healthy and the Primary Surplus, as at September 2016, was well above target. Business and consumer confidence remained high.

In February 2016, a new government was elected. A Growth Council was formed and tasked with the deliverable of an Economic Growth Rate significantly above the current annualised level of 1.0 percent. The tourism, business process outsourcing, infrastructure improvement and diversification of fuel types to lower the cost of electricity, are identified sectors and initiatives for focus.

The Massy operating companies will capitalise on the improving business landscape to increase Shareholder value in 2017, through focus on process safety, organic growth, differentiation through superior customer service delivery, productivity improvement and effective engagement of the employee base.

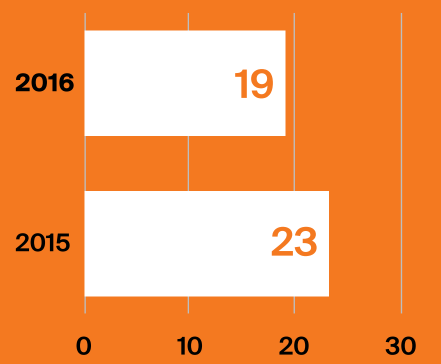
Colombia

Revenue TT$M



Decrease 2015-2016 37%

Profit Before Tax TT$M



Decrease 2015-2016 18%

Alberto Rozo
Country Manager
Massy Latin America

REGIONAL PERFORMANCE

Colombia experienced an economic slowdown in 2016, driven by the weakening of the Colombian peso against the US dollar, despite a minimum annual appreciation of – 6.7 percent, depressed low oil prices and the increase of the interest rates in response to the increase of the inflation index for the period. It is expected that the economy will grow in 2016 by around 2.0 percent and the inflation index will close around 6 percent.

Overall, Massy Colombia closed its 2nd year of operations with a decrease in sales and Profit Before Tax (PBT), when compared to the prior year. However, in local currency there were mixed results, showing a decrease in sales and a 2 percent increase in PBT, mainly driven by healthier Gross Profit Margins.

The Energy business faced a reduction of sales, primarily due to the reduction in operational and capital expenditure in the oil and gas industry. The stagnation in new investments in the industry affected our Projects business line; however, the company delivered healthy Gross Profits as a result of the outstanding performance of other business lines, including the successful delivery of a sizable contract with the country's main refinery. Further, we expanded our portfolio with the addition of 2 new GE lines which we represent in the market: Bently Nevada, part of GE's Digital Solutions business and Reciprocating Compressors, part of GE's Downstream Technology Solutions business.

Despite a 10 percent reduction in car sales nationwide, our automotive dealerships increased sales by 4 percent over the prior year, thereby increasing our market share and surpassing our sales target. We increased aftermarket revenues with a 24 percent increase in aftermarket customer transactions, and consolidated our Car Rental business (Alamo/National/Enterprise) through the commencement of online reservations in May 2016, and the addition of new rental locations in Cali.

The Group will continue to pursue growth in Colombia through a combination of organic growth and the exploration of new investment opportunities, while focusing on the Energy and Automotive business lines.

Responsibility to our Stakeholders

FOREWORD

Improving our performance in the sphere of Health, Safety, Security and Environment (HSSE) is a fundamental strategic initiative for the Massy Group. The organisation is continuously seeking to address and enhance its performance through the following coordinated activities:

- HSSE, Business Continuity and Loss Control policy development and implementation;
- Establishing and monitoring valuable safety trends and performance indicators;
- Robust hazard identification and analyses;
- Development of robust cultural programmes to address, enhance and streamline performance objectives.

These overall objectives are pursued by aligning to international best practices, such as ISO 45001 for Safety Management Systems, ISO 22301, NFPA 1600, DRII for Business Continuity and NFPA, API and OSHA for Loss Control.

The application of these best practices to the overall multifunctional Massy Group operations for HSSE, Business Continuity and Loss Control, enables the Massy Group to both proactively and reactively pursue the best strategies in hazard and risk analysis and overall risk management.

This past fiscal year's HSSE progress was driven by top-level HSSE commitment, evidenced by a broadly consistent level of safety performance. This progress has been built on a shared commitment by Massy Leadership.

Moving forward, the Massy Group Leadership Team will continue to ensure that all initiatives to control risk are cascaded to and implemented by the entire Massy Group.

EXECUTIVE SUMMARY

HSSE

The focus for the 2015-2016 Fiscal Year in HSSE was continuous improvement on current performance metrics. The Massy Group has shifted its HSSE focus from a policing and reactive stance to more of a proactive self-reporting and self-governance perspective. There is still room for improvement and there has been a pronounced shift in the safety culture paradigm.

For the 2015/2016 Fiscal Year, there were zero work-related fatalities, as compared to the previous fiscal year, with 3 tragic fatalities recorded. It should be noted, however, that there was an "off-duty" recreational incident that resulted in a fatality of a Massy employee. While the event was held off-site, outside of standard working hours, it involved employees, and was also endorsed by the respective Massy company. The employee was afforded the best medical care, as directed by Massy; however, the employee passed away a few weeks later, as a result of injuries sustained in the accident. This event also spawned the development and implementation of a new Event Safety Policy which was immediately supported and reinforced by Senior Management. The policy provides guidelines for work and non-work-related events which involve Massy employees.

KEY PERFORMANCE INDICATORS

The following KPIs have been automatically loaded into the Group's HSSE Business Intelligence System which provides a live snapshot of HSSE performance throughout the year. Data analytics are then used to focus more on effecting strategies to further enhance a positive culture shift.

LEADING INDICATOR PERFORMANCE

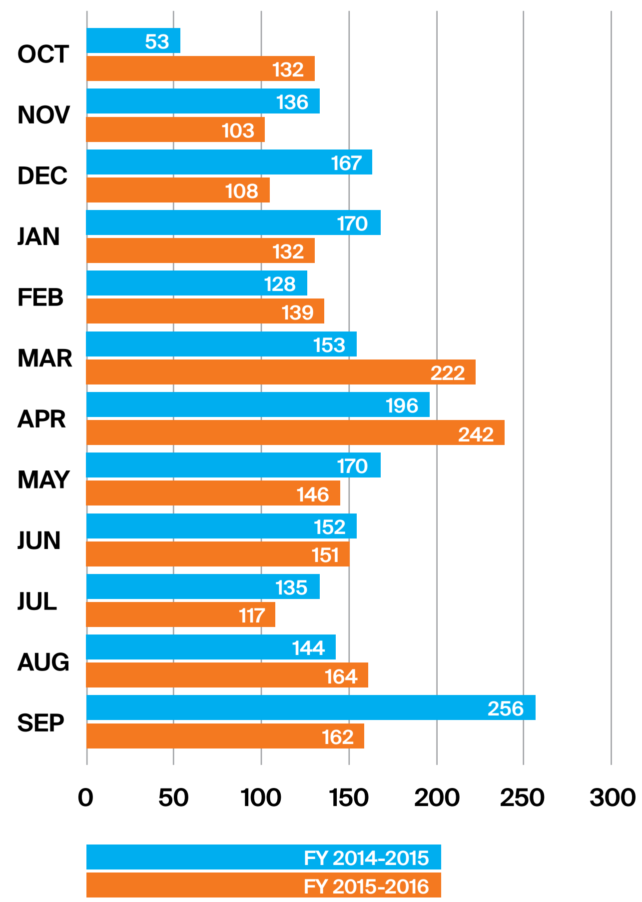
Leadership Visits

While Leadership Visits for the 2015/2016 Fiscal Year decreased by 1.8 percent, the Group focused on the quality of visits, not just on the number of visits. All participating Senior Management Team Members must be commended for conducting meaningful visits across the Massy Group. This demonstrated high-level, HSSE-related visibility and accountability, which is key in the positive transformation of the HSSE culture shift across the Group.

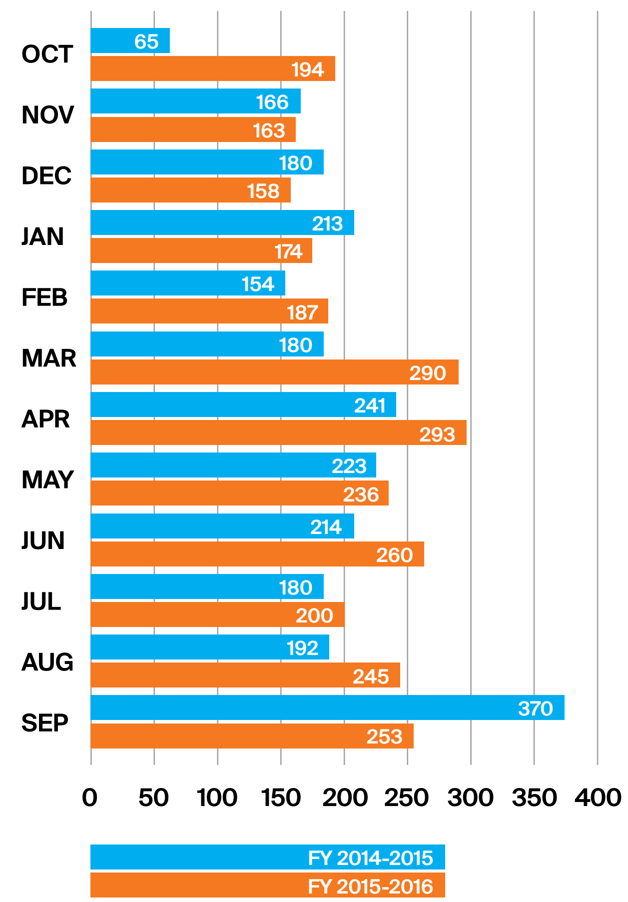
Leadership Interventions

Leadership Interventions are Leadership Vsits that were accompanied by Advanced Safety Conversations. This focuses on creating meaningful HSSE dialogue between leadership and employees, which results in greater HSSE responsibility and accountability on both ends. The 2015-2016 fiscal year saw a 10.8 percent increase from the previous Fiscal Year. It is expected that this upward trend will continue, in order to further facilitate and enhance the desired safety culture across the Massy Group.

Leadership Visits



Leadership Interventions

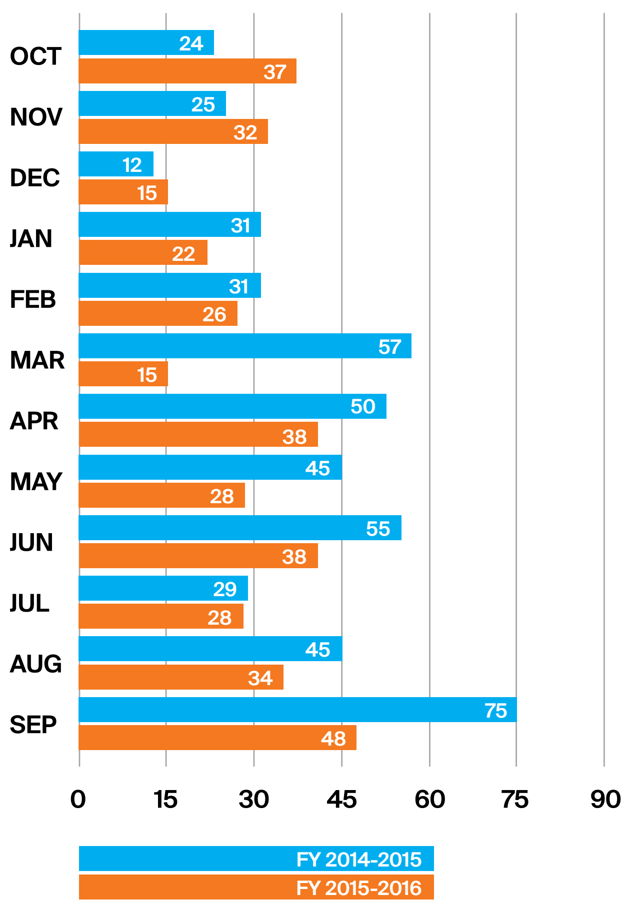


Our Responsibility to our Stakeholders

Near Miss Reporting

In many circles, Near Miss Reporting is seen as a lagging indicator, but at Massy, this is considered a leading indicator of HSSE performance. It is expected that all employees report Near Misses, so that intervention and mitigation can be facilitated as part of a robust hazard identification and risk reduction strategy.

Near Miss Reporting



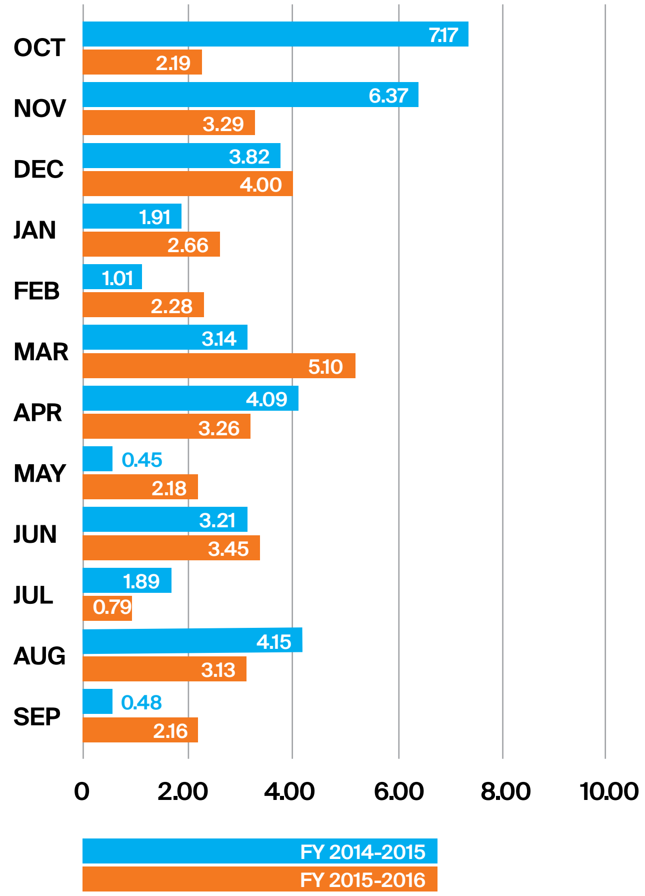
LAGGING INDICATOR PERFORMANCE

Recordable Incidents

The Massy Group's Recordable Incident Rate for the 2015/2016 Fiscal Year is at 2.86 – well below both the US and European rates. According to the Bureau of Labor Statistics October 2015 report on Employer-Reported Workplace Injuries and Illnesses up to 2014, the private sector industry had a total recordable rate of 3.2 (3.2 incidents per 100 employees). While the United States had a rate of 3.2 for 2014, for comparative purposes, Western Europe had a rate of 2.95 in 2012.

Massy's objective is to achieve a rate of 0.0 as part of the overall strategic HSSE direction of the Group.

Average Recordable Incident Rate

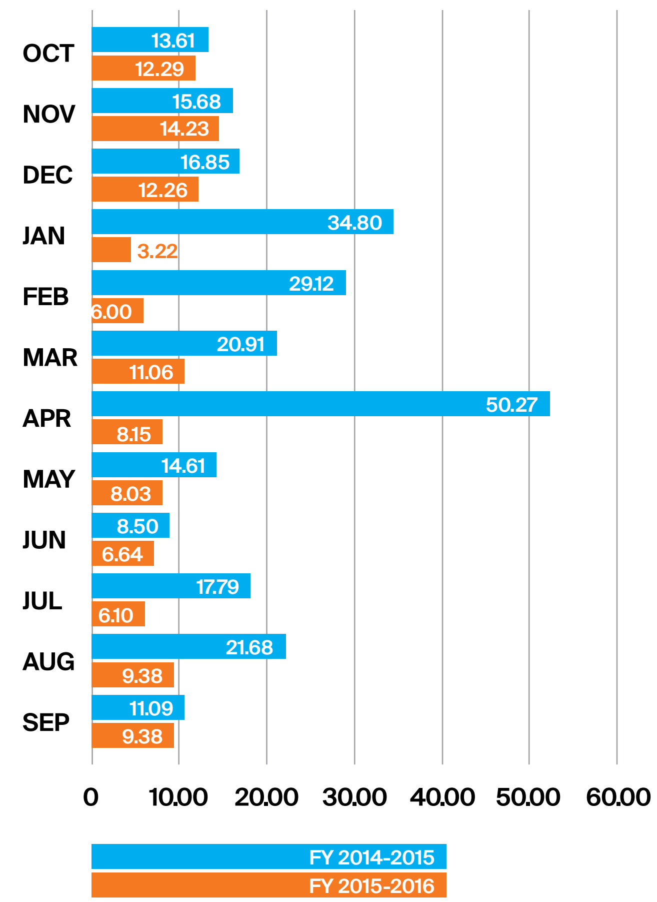


A few factors influence this rate, namely, the accurate reporting of all incidents and man-hours and the Massy Group continues to reiterate the importance of accurate and timely reporting.

Lost Work Days and Lost Work Day Rate

There was a 20 percent decrease in the Lost Work Days, with a corresponding decrease in the Lost Work Day rate by 57.1 percent across the Massy Group for the 2015/2016 Fiscal Year. The Massy Group attributes this to a greater focus on accurate HSSE incident classification and robust medical case management across the Group, in conjunction with HSSE-related training on hazard identification and risk reduction strategies.

Average Lost Workday Rate



Work-Related Motor Vehicle Accidents

For the 2015/2016 Fiscal Year, there was a drive to capture all work-related vehicular incidents, which now included incidents attributed to pool vehicles. This new category is based on best practice for holistic HSSE performance management and this has resulted in a 3.5 percent increase in the figures over the past fiscal year. We believe this reflects better incident reporting and not necessarily an increase in incidents between the 2 years.

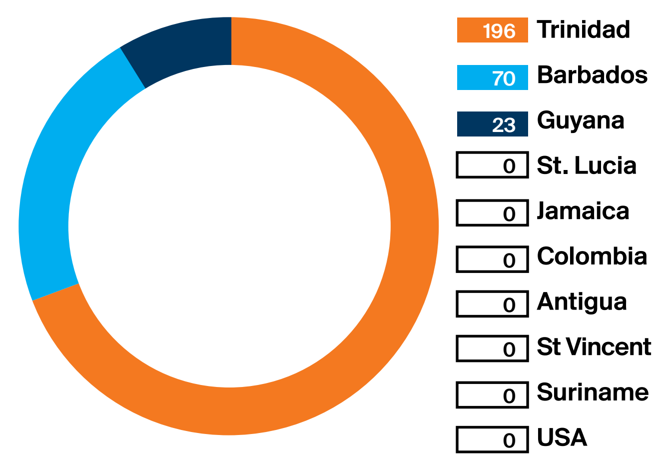
HSSE TRAINING

In the 2015/2016 Fiscal Year, the Massy Group embarked on a comprehensive "in-house" HSSE training exercise across the entire Massy Group. The employee training sessions commenced in Barbados in November 2015 and have been conducted in Trinidad, Guyana and Barbados on a continuous basis, facilitated by members of the Massy Group who have been trained as HSSE trainers. It is estimated that the Return on Investment on having "in-house" HSSE trainers is equivalent to having saved approximately US$ 85,845.00 (TT$ 566,580.00) in training costs, with 279 managers, supervisors and including some contractors across the Massy Group being trained.

The team also conducted HSSE Leadership Training as well as General HSSE training, with 301 managers, supervisors and employees being trained.

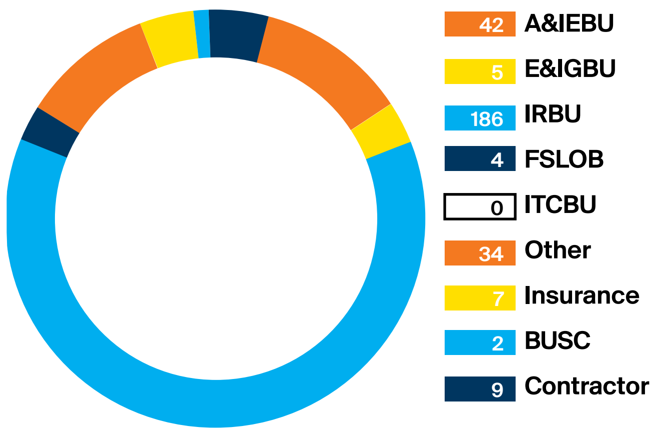
Within the 2015/2016 Fiscal Year, a total of 580 managers and supervisors were trained, covering a total of 5,482 training hours.

OSHA Training Distribution by Country



Our Responsibility to our Stakeholders

OSHA Training Distribution by Business Unit



The feedback on the HSSE training reflected the commitment, collaboration and cooperation of managers and supervisors to assume ownership and responsibility for safety and to ensure that it remains at the core of their respective operations.

THE FUTURE STATE – 2016/2017 FISCAL YEAR

The focus for the 2016/2017 Fiscal Year lies in continuous improvement for the safety performance of the Massy Group of Companies. This is ultimately hinged on unwavering management commitment and support, as without this, the desired HSSE culture shift will become unattainable, despite the implementation of world-class efforts and strategies. In addition to the management commitment, strategies for the current fiscal year include a continuation of the Leadership Visit Programme with higher visibility across the Group, continuing HSSE-related, in-house training across the Business Units, risk-based approaches to developing new IT-based applications on the Massy HSSE Portal for all employees, focus on accident investigation and dissemination of lessons learned to all employees across the entire Group, as well as real-time data analysis and risk intervention. A major project for this new fiscal year is to aim to implement strategies to reduce the overall carbon footprint, by implementing 'lean' and 'green' operational efficiencies, which will in turn, reduce the impact of all operations on the environment. These HSSE strategies are aligned to the overall Massy Group strategic objectives.

CORPORATE SOCIAL RESPONSIBILITY SUMMARY

The Massy Group continues to make significant strides in improving the standard of living throughout the region, through our Corporate Social Responsibility (CSR) efforts, which impact non-governmental organisations NGOs, schools, community groups and individuals.

This year, Massy Stores (Trinidad) launched the first-ever 'Run for Food,' a health and wellness event designed to raise awareness of food sustainability and responsible farming. The event's concept was inspired by the worldwide 'Hunger Run', an initiative of the international agency, Food and Agriculture Organisation (FAO). The Run for Food was focused on sensitising the public to the importance of food security, through supporting locally grown food and farmers, with the aim of reducing dependence on imported food, thereby reducing Trinidad and Tobago's food import bill and lowering the demand for foreign exchange. The Massy-sponsored Rainbow Cup Triathlon and the Group's participation in the United Way National Day of Caring continued to grow in terms of employee participation and impact in 2016. Both have proven to be significant CSR-focused drivers of employee engagement in our Trinidad and Tobago subsidiaries, where the Group's largest pool of employees are based.

The Massy Foundations in Trinidad and Tobago and Barbados remain vigilant in their humanitarian mission to address poverty and create positive avenues for the development of Youth, Education and Skills, Arts, Culture and Heritage, while also targeting Health initiatives and the Environment. This has translated into a multitude of worthwhile projects with far-reaching impact. One of these is an agricultural initiative in conjunction with the Barbados Entrepreneurship Foundation, designed to increase youth interest in this field and promote food sustainability. Another project of note, and one which continues to grow from strength to strength, is the Boys To Men: Rites of Passage programme, now in its 11th year of operation. The programme is designed to develop the leadership potential of young men in at-risk communities. Over the past 2 years, in addition to growing its outreach in Trinidad, the programme has gained momentum in Tobago, expanding from the Buccoo community to the Signal Hill community in 2016.

One of the Group's noteworthy CSR initiatives focused on the improvement in the quality and quantity of farming in St. Lucia. Massy Stores (SLU) was committed to promoting healthier and more self-reliant lifestyles for the citizens of St. Lucia through regular visits by Massy Stores (SLU) buyers to farms to discuss production scheduling, forecasting, demand and supply issues and their business plans. The visits also help to better gauge the quality of produce and livestock which come to the supermarket shelves for sale to customers. The company has also extended a loans programme for farmers, through which Massy Stores (SLU) registered farmers can access interest-free credit for various projects to address supply constraints, build farm resilience and spur production levels.

Our subsidiaries in Colombia, Guyana, and Jamaica have also found constructive and impactful ways to proactively contribute to their communities. For Massy Delima Grupo Automotriz S.A.S., this meant the institution of an employee-led Community Support Committee. In Guyana and Jamaica, existing initiatives and alliances have been maintained and new projects, such as the renovation of the Harbour View Primary School were undertaken.

A full report detailing the Group's CSR efforts may be downloaded from our website at www.massygroup.com.

4

The Board of Directors
Corporate Governance
The Executive Committee

Governance Reports

The Board of Directors

As at September 30, 2016.

1	**Robert Bermudez**	Chairman
2	**E. Gervase Warner**	President & Group Chief Executive Officer
3	**Rolph Balgobin**	Non-Executive Director
4	**Frere Delmas**	Executive Director
5	**Patrick Hylton**	Non-Executive Director
6	**G. Anthony King**	Non-Executive Director
7	**William Lucie-Smith**	Non-Executive Director
8	**David O'Brien**	Executive Director
9	**Paula Rajkumarsingh**	Executive Director

The Board of Directors

As at September 30, 2016.

10	**Robert Riley**	Non-Executive Director
11	**Gary Voss**	Non-Executive Director
12	**Maxine Williams**	Non-Executive Director
13	**Richard P. Young**	Non-Executive Director


10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Board of Directors

ROBERT BERMUDEZ, Chairman
Trinidad and Tobago Citizen
Age: 63

ROBERT BERMUDEZ is a Non-Executive Director who was elected to the Board of Massy Holdings Ltd., formerly Neal & Massy Holdings Limited, in 1997 and was appointed Chairman in July 2014. He also serves on the Company's Governance and Compensation Committee. For approximately 18 years, he served as a Non-Executive Director at RBC Financial (Caribbean) Limited, which has a presence in 19 countries and territories across the Caribbean.

He served as a Director on the Board of The Barbados Mutual Life Assurance Society (now Sagicor Life Inc.) for 8 years and prior to joining the Massy Board, served as a Non-Executive Director on the Boards of McEnearney-Alstons Limited (which merged with the ANSA Group to form what is the present ANSA McAl Limited), The Trinidad Publishing Company Ltd. (now known as Guardian Media Ltd.) and the Caribbean Development Company Limited (now Carib Brewery Ltd.), all 3 of which were publicly traded companies during his respective tenures. He was also President of the Trinidad & Tobago Manufacturers' Association and also served as Chairman of the Board of the Tourism & Development Company of Trinidad & Tobago.

Mr. Bermudez' breadth and depth of experience as a Director and Chairman is extensive, as is his experience as an entrepreneur. He is the Chairman of the Board of Directors of the Bermudez Group of Companies and has led the growth of the Bermudez Group from a local, family-owned business to a regional business throughout the Caribbean and in Latin America. He has a strong reputation for pragmatic and shrewd business judgment and has enjoyed a distinguished career in business in Trinidad and Tobago and the Caribbean.

E. GERVASE WARNER, President and Group CEO
Trinidad and Tobago Citizen
Age: 51

E. GERVASE WARNER is an Executive Director of the Company and is the President & Group CEO of the Massy Group. Prior to his appointment in 2009, he also served as the Executive Chairman of the Group's Energy & Industrial Gases Business Unit. Before joining Massy, Mr. Warner was a Partner at the international management consulting firm, McKinsey & Company, where he spent 11 years serving clients in the US, Latin America and Caribbean, across a wide range of industries. He currently serves on the Trinidad and Tobago Board of Citigroup Merchant Bank Limited, the Arthur Lok Jack Graduate School of Business and United Way Trinidad & Tobago. Mr. Warner holds an Master of Business Administration (MBA) from the Harvard Graduate School of Business Administration and also holds Bachelor of Science in Engineering (BSE) degrees in Electrical Engineering and Computer Science Engineering from the University of Pennsylvania. A past pupil of St. Mary's College, Mr. Warner received an Additional Scholarship from the Government of Trinidad and Tobago in 1983.

DR. ROLPH BALGOBIN, Non-Executive Director
Trinidad and Tobago Citizen
Age: 46

DR. ROLPH BALGOBIN is Executive Chairman of Quicksilver Convenience Limited. He is also Chairman of CL Financial, Angostura Holdings Limited, Home Construction Limited and several other companies within the CLF Group. He is a Director of the Massy Group, the National Gas Company (NGC) Distinguished Fellow in Innovation and Entrepreneurship at the University of the West Indies (UWI), a Director of the Arthur Lok Jack Graduate School of Business and President of the TTMA. He serves on the ratings committee of the Caribbean Information and Credit Rating Services. He is currently a member of the Economic Advisory Board for Trinidad and Tobago, and was a member of a Cabinet-appointed team to review and make recommendations on the performance of state enterprises.

He previously served as an Independent Senator in the 8th, 9th and 10th Parliament of the Government of the Republic of Trinidad and Tobago and is a columnist for the Trinidad Express newspaper. Dr. Balgobin has also served as Chairman of the Point Lisas Industrial Port Development Company (PLIPDECO), and as a Director of the Telecommunications Company of Trinidad and Tobago (TSTT), the Central Bank of Trinidad and Tobago and Youth Business Trinidad and Tobago. He led the technical team which pulled together the Vision 2020 National

Board of Directors

Strategic Plan for Trinidad and Tobago and sat as a member of the Steering Committee.

Dr. Balgobin holds postgraduate degrees from the University of the West Indies (UWI), the University of Cambridge, as well as Manchester University. He holds a Certificate in Corporate Governance from the Caribbean Corporate Governance Institute and a Postgraduate Diploma in Corporate Governance from the Association of Chartered Certified Accountants (ACCA).

FRERE DELMAS, Executive Director
Barbados Citizen
Age: 58
FRERE DELMAS holds the position of Executive Vice President of the Integrated Retail Business Unit for the Massy Group. He was appointed to this position in November 2015, when he was also appointed to the Board of Massy Holdings Ltd. He is also the Country Manager for the Massy Group in Barbados, a position he assumed in January 2013 and he serves on the boards of a number of Massy's subsidiaries across the region.

Mr. Delmas has an accumulated wealth of management experience and knowledge in the supermarket industry and wholesale distribution, which he acquired during his 38-year career in the field. Prior to joining the then Barbados Shipping & Trading Co. Ltd. (BS&T), he was the Managing Director and a Shareholder of Interage Ltd., which grew to be one of the foremost food and general merchandise distribution companies in Barbados. Interage Ltd. was subsequently sold to BS&T in 2000. His tenure continued as a part of the BS&T Group, and subsequently as a part of the Massy Group, following Massy's acquisition of BS&T in 2007. His previous positions in the Group include Executive Chairman - Neal & Massy's Retail Business Unit; Executive Chairman - BS&T's Food, Retail and Distribution Division and Director of BS&T.

PATRICK HYLTON, Non-Executive Director
Jamaica Citizen
Age: 53
PATRICK HYLTON is a Non-Executive Director and is the Group Managing Director of Jamaica's largest commercial bank, the National Commercial Bank Jamaica Limited (NCB). His rise to national and international prominence began when he was appointed a leading role by the Government in the rehabilitation of the Jamaican financial sector during the mid-1990s. His wealth of experience in the financial services industry propelled him to the position of Managing Director of the Financial Sector Adjustment Company. His successful completion of that undertaking culminated in the national award of the Order of Distinction, Commander Class, being bestowed on him by the Prime Minister and Governor General of Jamaica in 2002.

Mr. Hylton joined NCB in 2002 as Deputy Group Managing Director. In 2004, he was appointed Group Managing Director and has led the organisation to achieve record growth in profitability. Mr. Hylton is an Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers, London, England. He is a past President of the Jamaica Bankers Association and in addition to being a Director of NCB, he is Chairman of The Mona School of Business and Management, Harmonisation Limited and NCB Capital Markets Limited. Mr. Hylton also sits on the oversight committee appointed to monitor the implementation of Jamaica's programme with the International Monetary Fund (IMF). Mr. Hylton is a member of Jamaica's Economic Growth Council, set up to advise the Government on proposed initiatives that are expected to yield economic growth. He sits on several boards, including Guardian Holdings Limited in Trinidad and Tobago, and the Caribbean Information and Credit Rating Services.

G. ANTHONY KING, Non-Executive Director
Barbados Citizen
Age: 64
G. ANTHONY KING is a Non-Executive Director whose business career spans over 40 years, 30 of which were spent with the Group as an Executive. Prior to his departure from the Group in October 2004, to take up the appointment as Chief Executive Officer of the Barbados Shipping & Trading Company Limited (BS&T), he chaired the Group's Eastern Caribbean Group of Companies. After the acquisition of BS&T in 2008 by Massy Holdings Ltd., (then Neal & Massy Holdings Limited), Mr. King became a Group Executive Vice President but also remained as BS&T's CEO, performing an instrumental role in coordinating the integration of BS&T's operations into the Massy organisation. With that process substantially complete, he retired as an Executive of the Group during 2012. Mr. King joined the Board of Massy Holdings Ltd., in December 2008.

Mr. King is also a Director of other publicly traded companies in Barbados and at the end of 2015, retired from the Board of Banks Holdings Ltd, where he was the Chairman. He has been associated with various private sector organisations, including having served as the President of the Barbados Chamber of Commerce & Industry, as a Director of the Caribbean Association of Industry and Commerce and as a former Trustee of the Barbados Youth Business Trust. In 2015, he retired as a Director of the Barbados Private Sector Association, the island's umbrella private sector body, and in early 2016, the Chairmanship of the Tourism Development Corporation of Barbados.

WILLIAM LUCIE-SMITH, Non-Executive Director
Trinidad and Tobago Citizen
Age: 65
WILLIAM LUCIE-SMITH is a Non-Executive Director. He is a Chartered Accountant by profession and a former Senior Partner of PricewaterhouseCoopers (Trinidad and Tobago), where he led its Corporate Finance and Recoveries practice. Mr. Lucie-Smith has extensive experience in mergers and acquisitions, taxation and valuations and holds an Master of Arts (MA) degree from Oxford University in Philosophy, Politics and Economics. He currently serves as a Non-Executive Director on a number of boards, including Republic Financial Holdings Limited and Sagicor Financial Corporation.

DAVID O'BRIEN, *Executive Director*
Trinidad and Tobago Citizen
Age: 59
DAVID O'BRIEN serves as an Executive Director and is also Executive Vice President with responsibility for the Automotive & Industrial Equipment Line of Business, as well as the Group's newly created Financial Services Line of Business. He joined the Group in November 2005 and is currently the Executive Chairman on a number of boards of Massy subsidiary companies. Prior to joining the Group, he held various senior positions at Sagicor Life Incorporated, and was also the President of Sagicor Capital Life. Mr. O'Brien has also held directorships on the boards of RGM Limited, DFL Caribbean Limited and the Tourism and Development Company of Trinidad and Tobago. He was also the chairman of the North Central Regional Health Authority, a member of the Multi-Sectorial Core Group for Trinidad and Tobago's Vision 2020 and Chairman of the committee to establish the National Policy for Disabled Persons.

PAULA RAJKUMARSINGH, Executive Director
Trinidad and Tobago Citizen
Age: 51
PAULA RAJKUMARSINGH is an Executive Director and Group Chief Financial Officer. She is a Corporate Financial Executive, with over 12 years of experience at a Senior Management level. She currently serves as a Director on the Parent Board of CIBC First Caribbean International Bank in Barbados and Trinidad and Tobago. She is a Director of the Trinidad & Tobago Chamber of Industry and Commerce and serves as a Director for the St. Joseph Convent Cluny Board of Management. She previously served on the boards of the Sugar Manufacturing Company and a private equity fund.

ROBERT RILEY, Non-Executive Director
Trinidad and Tobago Citizen
Age: 59
ROBERT RILEY is a Non-Executive Director and Executive Director of Robert Riley Leadership and Energy Consulting, a London-based, international consulting firm working with CEOs and Executive Leadership Teams to improve Leadership and Performance through assessment, coaching and experiential training. He is the former Group Head of Safety and Operations Risk, Culture and Capability of BP PLC (London). His career with BP spanned over 2 decades, during which time he served as the Chairman and Chief Executive Officer of BP Trinidad & Tobago LLC, Business Unit Leader and Vice President of Law and Government Affairs. In 2009, he was conferred the degree of Doctor of Laws, Honoris Causa, from the University of the West Indies (UWI) for his contribution to energy sector development policy. Mr. Riley was awarded the Chaconia Medal (Gold) for his contribution to national economic development in Trinidad and Tobago in 2003. He graduated with honours degrees in Law and Agriculture from the UWI and is an attorney-at-law.

Board of Directors

He was elected to the Board of Massy Holdings Ltd., effective December 17, 2014. Since October 2016 he serves as a Director of Republic Financial Holdings Limited.

GARY VOSS, Non-Executive Director
Trinidad and Tobago Citizen
Age: 71
GARY VOSS is a Non-Executive Director of Massy Holdings Ltd. and former chairman of Unilever Caribbean Limited. He joined Lever Brothers West Indies Limited in 1982 as Technical Director and was appointed Chairman and Managing Director in 1987. He retired from Unilever in 2001. His early career was spent with the then Texaco Pointe-a-Pierre refinery, the Caribbean Industrial Research Institute (CARIRI) and the Iron and Steel Company of Trinidad and Tobago (ISCOTT). Mr. Voss' previous posts include Superintendent, Direct Reduction at ISCOTT, Head of Engineering at CARIRI, President of the Trinidad and Tobago Manufacturers Association and President of the Caribbean Association of Industry and Commerce. He also served as a Director of RBC Financial (Caribbean) Limited and several of its subsidiaries, up until October 2015. Mr. Voss is a Chemical Engineer by profession and holds a Bachelor of Science degree (BSc) with Honours from Birmingham University in the United Kingdom.

MAXINE WILLIAMS, Non-Executive Director
Trinidad and Tobago Citizen
Age: 46
MAXINE WILLIAMS is the Global Director of Diversity at Facebook. In this role, she develops strategies to harness the unlimited potential of Facebook's talent, while managing a high performing team of diversity programme managers from the company's headquarters in California. Prior to Facebook, she served as the Director of Diversity for a global law firm with a focus on cross-border expertise, particularly in international arbitration, project finance, banking and anti-trust. She was responsible for developing and implementing a global diversity plan for the multinational law firm comprising almost 2000 attorneys, 2/3 of whom were based in offices outside of the United States, with clients in 115 countries around the world. As an attorney, she has represented clients in criminal, civil and industrial courts in Trinidad and Tobago and in the United Kingdom at the Privy Council. Ms. Williams has worked with multiple international organisations on development and human rights issues and has had a parallel career as a broadcast journalist and on-air presenter. Ms. Williams is a graduate of Yale University. She received her Law Degree with First Class Honors from Oxford University, where she was a Rhodes Scholar.

RICHARD P. YOUNG, Non-Executive Director
Trinidad and Tobago Citizen
Age: 66
RICHARD PETER YOUNG, appointed as a Non-Executive Director in December 2012, is a retired finance professional with the designation of a Chartered Accountant. He has over 40 years' experience in accounting, auditing, insurance and banking, having operated at the Senior Leadership level of the then Price Waterhouse Trinidad & Tobago and Scotiabank Trinidad & Tobago. He has served as President of the Institute of Chartered Accountants of Trinidad & Tobago (CATT), Chairman of the Trinidad & Tobago Stock Exchange and President of the Bankers Association of Trinidad & Tobago. He is a Non-Executive Director of Sagicor Financial Corporation Limited and the Non-Executive Chairman of the Trinidad and Tobago Financial Centre.

Corporate Governance

BOARD REPORT

Strengthening the Framework for Effective Governance

The Board of Directors, on the recommendation of the Governance and Compensation Committee, reviewed and re-approved the Massy Holdings Ltd. (MHL) Board of Directors' Charter, the Audit Committee Charter and the Governance and Compensation Committee (G&C) Charter on August 11, 2016.

Strengthening the composition and performance of the Board and Board Committees

Recruitment and Nomination

MHL's Board is comprised of 13 Directors; 9 Independent and 4 Executive Directors.

Director Training

In April, Directors of the MHL Board attended Corporate Governance training, which was designed to provide an overview of trends in corporate governance and included issues such as the role of the Board in Enterprise Risk Management and Subsidiary Governance.

During this year, 2 Directors successfully completed and obtained their Diplomas in Corporate Governance from the Caribbean Corporate Governance Institute. Three Directors are currently participating in the Certificate in Corporate Governance Programme.

Directors serving on the Boards of Group subsidiary companies also received training this year and further, those required to comply with Anti-Money Laundering and Counter Financing of Terrorism legislation, received their annual training on the duties, obligations and liabilities of directors of such regulated entities.

Board, Committee and Director Evaluation

The MHL Board, Committee and Director Evaluation tools were reviewed and improved. Further research was done on international trends, questions were more probing, better structured and tailored to the MHL Board and further, for each question Directors were able to provide their individual comments around what worked well and what could be improved upon.

Strengthening Loyalty and Independence

The MHL Board held 9 meetings for the year ended September 30, 2016 to discharge its responsibilities and the average number of Directors in attendance at the Meetings was 12.

Annually, MHL Board Members and Senior Management, disclose whether they directly or indirectly or on behalf of 3rd parties, have a material interest in any transaction or matter directly affecting the Company. Directors continue to be guided by MHL's Director Independence Policy and were subject to a review of their independence which included an assessment of sound and independent thought, judgement and contributions.

Enhanced Disclosure and Accountability

MHL's disclosure regime continues to be strong as disclosures are timely and accurate. The Company continues to make its quarterly and annual financial disclosures regarding its performance and activities within the prescribed timeframe. For the Financial Year, there were 3 notification of changes filed and no material change reports.

Strengthening Stakeholder Relationships

The Company held its Annual Meeting of Shareholders in 2016 where substantive presentations were made regarding the Company's financial performance and strategic plans. During these Meetings, the Chairman facilitated the questioning of the MHL Board, Senior Management and the Auditors, by the Company's Shareholders. For the first time Barbados Shareholders were able to fully participate during the question and answer portion of the Annual General Meeting in 2016.

BOARD COMMITTEE REPORTS

The Company has 2 constituted committees – the G&C and the Audit Committees - from which the MHL Board receives reports from their respective Chairmen on the committees' work and areas of oversight. In addition to these reports and as a matter of process, the Minutes of these Committee Meetings are tabled for note at MHL Board Meetings.

Corporate Governance

REPORT OF THE AUDIT COMMITTEE

Audit Committee Structure

The Audit Committee is comprised of 5 Directors, of whom 4 are Independent Directors. The Members of the Audit Committee are:

- Mr. William Lucie-Smith, Chairman,
- Dr. Rolph Balgobin,
- Mr. Patrick Hylton,
- Mr. Richard P. Young, and
- Mr. E. Gervase Warner (ex officio).

The Audit Committee Charter, the Internal Audit Charter and the Delegation of Authority for Non-Audit Services provided by the External Auditor were last reviewed and re-confirmed by the Committee on August 10, 2016. The report of the Committee for 2016 follows:-

Meetings

The Audit Committee held 6 meetings for the year ended September 30, 2016 to discharge its responsibilities and the average number of Committee Members in attendance at meetings was 5.

Structure of Internal Audit

The appointed Group Internal Auditor is responsible for the overall Group Internal Audit Function and adherence to the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. The Group Internal Auditor reports administratively to the Group Chief Executive Officer and functionally to the Audit Committee and Internal Audit has unfettered access to the Audit Committee.

Independence of Internal Audit

The Audit Committee is satisfied that the Internal Audit function has been discharged in an objective and transparent manner. Further, the Audit Committee has satisfied itself that the performance of the function is not subject to management's undue influence.

Internal Control and The Internal Audit Function

The MHL Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The ongoing monitoring of the adequacy and effectiveness of the Group's internal control systems is the primary responsibility of Internal Audit. The Audit Committee is satisfied that Management, by approved risk corrective actions, adequately remedied any weaknesses in internal controls highlighted in the internal audit reports.

External Audit

The Audit Committee reviewed and approved the External Auditor's approach to and scope of their examination of the financial statements for the 2016 Financial Year. The Members are satisfied that PricewaterhouseCoopers has planned the audit to obtain reasonable assurance that the financial statements are free of material misstatement and present a fair view of the financial position of the Group as at September 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Financial Statements

During 2016, the interim unaudited financial statements were presented to the Audit Committee at its quarterly meetings for review and recommendation for adoption by the MHL Board. The Audit Committee is satisfied that the audited financial statements contained in this Annual Report are complete, consistent with information known to its Members and in conformity with appropriate accounting principles that have been consistently applied.

Whistle-Blower Reports

Internal Audit continues to play a central role in ensuring that whistle-blower procedures are effective and over the past year, conducted a number of whistle-blower investigations. Whistle-blower reports related to non-financial matters are and continue to be cross-reported to the Governance & Compensation Committee.

REPORT OF THE GOVERNANCE & COMPENSATION COMMITTEE (G&C)

The G&C Committee Structure

The G&C Committee is comprised of 5 Directors of whom 4 are Independent Directors. The Members of the G&C Committee as at September 30, 2016 were:

- Mr. Gary Voss, Chairman,
- Mr. Rolph Balgobin,
- Mr. G. Anthony King,
- Mr. Robert Bermudez (ex officio), and
- Mr. E. Gervase Warner (ex officio).

The Committee's Charter was last reviewed and re-confirmed by the G&C Committee on March 10, 2016. The objectives of the G&C Committee are to develop, implement and periodically review guidelines for appropriate corporate governance of the MHL Group of companies in furtherance of the Company's commitment to good corporate governance.

The G&C Committee's responsibilities include:

1 To review the size and composition of the MHL Board and its Committees and to make recommendations for new appointments;

2 To review and make recommendations to the MHL Board in relation to the Company's written policies addressing matters such as ethics, business conduct, conflict of interest, disclosure, insider trading and whistle-blower protection;

3 To develop, implement and oversee an evaluation process for the MHL Board, its Committees and individual Directors, to assess Board and Committee effectiveness;

4 Approval/oversight of the remuneration, performance and incentive awards of Senior Executives; and

5 Approval and oversight of the recruitment, engagement and promotion of Senior Executives of the MHL Group.

Meetings

The G&C Committee held 5 meetings for the year ended September 30, 2016 to discharge its responsibilities and the average number of Committee Members in attendance at Meetings was 5. Among its accomplishments for the year were:

- Review and recommendation for the approval of the Board; the Company's Securities Trading and Corporate Disclosure Policies;
- Review of the Board, Board Committee and Director performance evaluation tools and system;
- Review of Executive Management Remuneration;
- Review and ratification of directors appointed to subsidiary company boards; and
- On-going oversight for 'non-financial' whistle-blower matters and review of the whistle-blowing process for further strengthening and enhancing.

The Executive Committee

1	**David Affonso**	Group Senior Vice President & Executive Chairman, Distribution Line of Business
2	**Julie Avey**	Group Senior Vice President, Human Resources
3	**Everton Browne**	Chief Administrative Officer, Massy Barbados
4	**Frere Delmas**	Group Executive Vice President & Executive Chairman, Integrated Retail Line Business Unit
5	**Peter Graham**	Group Senior Vice President & Executive Chairman, Industrial Gases Line of Business
6	**Howard Hall**	Group Senior Vice President & Executive Chairman, Financial Services Line of Business
7	**Susan Hamel-Smith**	Group Manager, Marketing & Communications
8	**David Jardim**	Group Senior Vice President & Executive Chairman, Automotive & Industrial Equipment Line of Business
9	**Wendy Kerry**	Corporate Secretary & Legal Advisor
10	**Bruce Mackenzie**	Group Strategy & Business Development Officer
11	**David O'Brien**	Group Executive Vice President & Executive Chairman, Automotive & Industrial Equipment Line of Business and Financial Services Line of Business
12	**Thomas Pantin**	Group Senior Vice President & Executive Chairman, Retail Line of Business

The Executive Committee

13	**Angélique Parisot-Potter**	Group Senior Vice President, Legal
14	**Deo Persaud**	Country Manager, Massy Guyana
15	**Paula Rajkumarsingh**	Group Executive Vice President & Group Chief Financial Officer
16	**Fenwick Reid**	Group Senior Vice President & Executive Chairman, Information, Technolgy & Communications Business Unit
17	**Alberto Rozo**	Country Manager, Massy Latin America
18	**Eugene Tiah**	Group Senior Vice President & Executive Chairman, Energy & Industrial Gases Business Unit
19	**E. Gervase Warner**	President & Group Chief Executive Officer

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Directors' Report

Management Proxy Circular

Statement of Management's Responsibility

Corporate Requirements

Directors' Report

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended September 30, 2016.

PRINCIPAL ACTIVITIES

The main activity is that of a Holding Company.

FINANCIAL RESULTS FOR THE YEAR

	2016
Profit attributable to shareholders	**498,557**
Dividends paid	**(205,260)**
Profit retained for the year	**293,297**
Other movements on revenue reserves	**6,344**
Balance brought forward	**3,871,168**
Retained earnings at end of year	**4,170,809**

DIVIDENDS

The Directors declared an interim dividend of $0.51 and then a final dividend of $1.59 per share, making a total dividend of $2.10 per share for the financial year. The final dividend will be paid on or after January 25, 2017 to Shareholders whose names appear on the Register of members of the Company at the close of business on January 11, 2017.

DIRECTORS

Pursuant to paragraph 4.4.1 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Robert Bermudez, G. Anthony King, E. Gervase Warner and Ms. Maxine Williams retire from the Board by rotation and being eligible offer themselves for re-election until the close of the third Annual Meeting following this appointment.

DIRECTORS' AND SENIOR OFFICERS' INTERESTS

These should be read as part of this report.

AUDITORS

The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.

BY ORDER OF THE BOARD

Wendy Kerry
Corporate Secretary

December 20, 2016

DIRECTORS', SENIOR OFFICERS' AND CONNECTED PERSONS' INTERESTS

Set out below are the Directors, Senior Officers and their Connected Persons with interests in the shares of Massy Holdings Ltd. and the holders of the ten (10) largest blocks of shares in the Company as at September 30, 2016.

Directors and Senior Officers	Shareholding	Associates Shareholdings
Rolph Balgobin	1,525	Nil
Robert Bermudez	14,820	13,029
Frere Delmas	10,916	Nil
Patrick Hylton	Nil	Nil
Gerald Anthony King	75,000	Nil
William Lucie-Smith	Nil	22,897
David O'Brien	55,667	Nil
Paula Rajkumarsingh	156,350	Nil
Robert Riley	2,595	Nil
Gary Voss	Nil	Nil
Elliot Gervase Warner	163,811	Nil
Maxine Williams	0	Nil
Richard P. Young	2,000	Nil
David Affonso	11,372	Nil
Julie Avey	11,616	Nil
Shelley Boodoo	0	Nil
Judith Bowen	6,225	Nil
Everton Browne	0	118
Natasha Elias-Wilson	15,175	Nil
Howard Hall	0	Nil
Angela Hamel-Smith	12,546	Nil
Susan Hamel-Smith	87,324	Nil
David Jardim	135,746	Nil
Wendy Kerry	1,891	Nil
Robert Bruce Mackenzie	55	Nil
Christian Maingot	Nil	Nil
Thomas Pantin	60,213	Nil
Angélique Parisot-Potter	73	Nil
Doodnauth Persaud	29,492	Nil
Fenwick Reid	73,527	Nil
Alberto Rozo	0	Nil
Zyreene Sarafat	5,795	Nil
Eugene Tiah	10,478	Nil

Directors' Report

HOLDERS OF THE TEN (10) LARGEST BLOCKS OF SHARES

	Shareholders	Number of Shares as at 30.09.2016
1	National Insurance Board of Trinidad and Tobago	19,801,051
2	RBC/RBTT Nominee Services Limited	10,300,022
3	RBC/RBTT Trust Limited	8,936,245
4	Republic Bank Limited	8,553,537
5	Trinidad & Tobago Unit Trust Corporation	5,232,292
6	First Citizens Trust & Asset Management	4,377,547
7	Trintrust Limited	3,443,474
8	Guardian Life of the Caribbean	2,120,431
9	Sagicor (Equity) Fund (Barbados)	1,350,347
10	National Insurance Board (Barbados)	1,271,567

NOTES

1 The Indirect Beneficial Shareholding of Directors and Senior Officers corresponds to the Trinidad & Tobago Stock Exchange Rules (Rule 600) regarding the shareholdings of persons connected to Directors and Senior Officers. It includes the indirect beneficial ownership/control of shares held by; (i) entities that a person owns/controls >50 percent shares, (ii) the Director's/Senior Officer's husband or wife, and (iii) the Director's/Senior Officer's minor children

2 RBC/RBTT Nominee Services Limited holds a non-beneficial interest in 10,300,022 shares for the Neal & Massy Group Pension Employee Share Ownership Plan.

3 Paula Rajkumarsingh, a Director (together with Curtis Lee Poy), holds a non-beneficial interest in 1,173,868 shares as a co-trustee of the Neal & Massy Group Profit Sharing Plan.

4 The National Insurance Board Limited holds a substantial interest in the issued share capital of the Company. A substantial interest means one-tenth or more of the issued share capital of the Company.

5 Dr. Rolph Balgobin resigned from the Board of the Company effective January 10, 2017.

6 Mr. Peter Graham was appointed to the Executive Committee of the Company effective October 1, 2016, as Chairman of the Industrial Gases Line of Business.

7 There have been no changes to the Substantial Interests occurring between the end of the Company's financial year and one month prior to the date of the Notice convening the Annual Meeting.

8 There were no beneficial interests attached to any shares in the names of the Directors in the Company's subsidiary companies, such shares being held by the Directors as nominees of the Company or its subsidiaries.

9 At no time during, or at the end of the financial year, were any material contracts or proposed material contracts granted by the Company, or any of its subsidiary companies, to any Director or Proposed Director of the Company.

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CH. 81:01
[SECTION 144]

1 Name of Company: MASSY HOLDINGS LTD.
Company No.: M 4805 (C)

2 Particulars of Meeting:
Ninety-Third Annual Meeting of Shareholders of the above named Company to be held at the Ballroom, Hilton Trinidad and Conference Centre, 1B Lady Young Road, Port-of-Spain, Trinidad at 10:00 a.m. on February 10, 2017.

3 Solicitation:
It is intended to vote the Proxy solicited hereby (unless the shareholder directs otherwise) in favour of all resolutions specified therein.

4 Any Director's statement submitted pursuant to Section 76(2):
No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch. 81:01.

5 Any Auditor's statement submitted pursuant to Section 171(1):
No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch. 81:01.

6 Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):
No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
December 20, 2016	Wendy Kerry Corporate Secretary	

Statement of Management's Responsibility

Management is responsible for the following:

- Preparing and fairly presenting the accompanying Financial Statements of Massy Holdings Ltd. and its subsidiaries which comprise the Consolidated Statement of Financial Position as at September 30, 2016, the Consolidated Income Statement and Consolidated Statements of Comprehensive Income, changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgment in the determination of estimates.

In preparing these audited Consolidated Financial Statements, Management utilised the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Trinidad and Tobago ICATT). Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of Management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying Financial Statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

E. Gervase Warner
President & Group
Chief Executive Officer

December 20, 2016

Paula Rajkumarsingh
Group Executive Vice
President & Group
Chief Financial Officer

December 20, 2016

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Financials

Contents

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Independent Auditor's Report

To the shareholders of
Massy Holdings Ltd.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Massy Holdings Ltd. and its subsidiaries, which comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 and fair presentation of the consolidated financial statements 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Massy Holdings Ltd. and its subsidiaries as at 30 September 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
20 December 2016
Port of Spain
Trinidad, West Indies

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Consolidated Statement of Financial Position

As at 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2016 $	2015 $
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,370,886**	2,180,788
Investment properties	7	**417,246**	395,965
Goodwill	8	**197,075**	191,468
Other intangible assets	9	**50,783**	46,875
Investments in associates and joint ventures	10	**244,963**	310,586
Financial assets	12	**737,713**	626,527
Deferred income tax assets	14	**103,104**	67,353
Instalment credit and other loans	15	**294,780**	305,723
Retirement benefit assets	16	**452,207**	447,385
		4,868,757	4,572,670
Current assets			
Inventories	17	**1,574,748**	1,568,094
Instalment credit and other loans	15	**156,667**	153,514
Trade and other receivables	18	**2,129,112**	2,227,205
Financial assets at fair value through profit or loss	13	**147,175**	121,396
Statutory deposits with regulators		**134,244**	95,957
Cash and cash equivalents	19	**2,030,126**	1,679,925
		6,172,072	5,846,091
Total assets		**11,040,829**	**10,418,761**
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	20	**753,261**	748,860
Retained earnings		**4,170,809**	3,871,168
Other reserves		**(134,127)**	(266,071)
		4,789,943	4,353,957
Non-controlling interests	22	**258,349**	236,370
Total equity		**5,048,292**	**4,590,327**

	Notes	2016 $	2015 $
LIABILITIES			
Non-current liabilities			
Borrowings	23	**1,870,654**	1,864,929
Deferred income tax liabilities	14	**224,168**	178,431
Customers' deposits	24	**118,830**	41,233
Retirement benefit obligations	16	**174,904**	178,436
Provisions for other liabilities and charges	25	**329,518**	313,531
		2,718,074	2,576,560
Current liabilities			
Trade and other payables	26	**1,795,100**	1,840,149
Liabilities on insurance contracts	27	**757,294**	690,701
Customers' deposits	24	**264,180**	306,681
Current income tax liabilities		**110,650**	109,512
Borrowings	23	**347,239**	304,831
		3,274,463	3,251,874
Total liabilities		**5,992,537**	5,828,434
Total equity and liabilities		**11,040,829**	**10,418,761**

The notes on pages 109 to 188 are an integral part of these consolidated financial statements.

On 20 December 2016 the Board of Directors of Massy Holdings Ltd. authorised these consolidated financial statements for issue.

E.G. Warner
Director

William Lucie-Smith
Director

Paula Rajkumarsingh
Director

Consolidated Income Statement

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2016 $	2015 $
Revenue	5	**11,534,060**	**11,944,843**
Operating profit before finance costs	28	**879,426**	960,210
Finance costs - net	30	**(57,458)**	(81,314)
		821,968	878,896
Share of results of associates and joint ventures	10	**(21,457)**	40,202
Profit before income tax		**800,511**	919,098
Income tax expense	31	**(264,351)**	(250,784)
Profit for the year		**536,160**	668,314
Profit attributable to owners of the parent		**498,557**	638,406
Profit attributable to non-controlling interests	22	**37,603**	29,908
Profit for the year		**536,160**	**668,314**
Earnings per share attributable to the owners of the parent during the year (expressed in TT$ per share)			
Basic earnings per share	32	**5.10**	6.53
Diluted earnings per share	32	**5.10**	6.53
Dividends per share	21	**2.10**	2.10
Dividends paid per share	21	**2.10**	1.90

The notes on pages 109 to 188 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2016 $	2015 $
Profit for the year		**536,160**	**668,314**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
- remeasurement of defined benefit pension plans		**5,190**	(19,199)
		5,190	(19,199)
Items that may be subsequently reclassified to profit or loss			
- available for sale financial assets	12	**(440)**	157
- currency translation differences		**147,363**	(79,238)
		146,923	(79,081)
Other comprehensive income/(loss) for the year, net of tax		**152,113**	(98,280)
Total comprehensive income for the year		**688,273**	**570,034**
Attributable to:			
- owners of the parent		**637,051**	547,524
- non-controlling interests		**51,222**	22,510
Total comprehensive income for the year		**688,273**	**570,034**

The notes on pages 109 to 188 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	Share capital $	Other reserves $	Retained earnings $	Total $
Balance at 1 October 2015		748,860	(266,071)	3,871,168	4,353,957
Currency translation differences		–	133,744	–	133,744
Other reserve movements		–	(1,800)	1,154	(646)
Remeasurement of defined benefit pension plans		–	–	5,190	5,190
Profit attributable to owners of the parent		–	–	498,557	498,557
Employee share grant – value of employee services		4,323	–	–	4,323
Share capital adjustment	20	78	–	–	78
Transactions with owners:					
Dividends paid	21	–	–	(205,260)	(205,260)
Balance at 30 September 2016		**753,261**	**(134,127)**	**4,170,809**	**4,789,943**
Balance at 1 October 2014		741,432	(194,910)	3,442,388	3,988,910
Currency translation differences		–	(71,840)	–	(71,840)
Purchase of non-controlling interests		–	(149)	–	(149)
Remeasurement of defined benefit pension plans		–	–	(19,199)	(19,199)
Other reserve movements		–	828	(4,732)	(3,904)
Profit attributable to owners of the parent		–	–	638,406	638,406
Employee share grant - value of employee services		7,428	–	–	7,428
Transactions with owners:					
Dividends paid	21	–	–	(185,695)	(185,695)
Balance at 30 September 2015		**748,860**	**(266,071)**	**3,871,168**	**4,353,957**

The notes on pages 109 to 188 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2016 $	2015 $
Cash flows from operating activities			
Operating profit after finance costs – net		**821,968**	878,896
Adjustments for:			
Dividends received from associated companies	10	**40,421**	21,782
Depreciation and impairment of property, plant and equipment and investment properties	6 and 7	**304,427**	272,769
Impairment of goodwill	8	**1,431**	1,431
Negative goodwill	35	**–**	(29,540)
Amortisation of other intangible assets		**3,873**	3,562
Gain on disposal of property, plant and equipment		**(46,733)**	(33,749)
Gain on disposal of subsidiary and associate		**–**	(15,072)
Increase in provision for instalment credit and other loans	15	**3,730**	1,410
(Increase)/decrease in market value of investments		**(4,129)**	3,315
Employee share grant scheme provision	20	**4,323**	7,428
Employee retirement and other benefits		**22,066**	24,786
Earnings before tax, depreciation and amortisation		**1,151,377**	1,137,018
Changes in working capital:			
Decrease/(increase) in inventories		**61,496**	(31,722)
Decrease/(increase) in trade and other receivables		**136,052**	(134,155)
Decrease/(increase) in instalment credit and other loans		**7,790**	(68,768)
(Decrease)/increase in trade and other payables		**(150,136)**	206,405
Increase in liabilities on insurance contracts		**25,195**	59,362
Increase in customers' deposits		**35,096**	74,541
Cash generated from operations		**1,266,870**	**1,242,681**
Taxation paid		**(229,834)**	(236,877)
Net cash provided by operating activities		**1,037,036**	**1,005,804**

Consolidated Statement of Cash Flows

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2016 $	2015 $
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		**117,213**	71,525
Proceeds from sale of other investments		**199,687**	239,219
Additions to property, plant and equipment and investment properties	6 and 7	**(500,285)**	(525,345)
Net increase in other investments, other intangibles, non-controlling interests and investments in associates and joint ventures		**(320,997)**	(197,109)
Acquisition of Massy Motors Best Auto Ltd.		**(7,001)**	–
Acquisition of Massy Energy Colombia S.A.S.		**–**	(19,591)
Net cash used in investing activities		**(511,383)**	**(431,301)**
Cash flows from financing activities			
Proceeds, net of repayments from borrowings		**28,831**	(297,808)
Equity injection by non-controlling interest		**6,906**	15,521
Proceeds from issue of shares		**78**	–
Dividends paid to company's shareholders	21	**(205,260)**	(185,695)
Dividends paid to non-controlling interests	22	**(27,721)**	(29,437)
Net cash used in financing activities		**(197,166)**	**(497,419)**
Net increase in cash, cash equivalents		**328,487**	**77,084**
Cash, cash equivalents and bank overdrafts at beginning of the year		**1,665,397**	**1,613,504**
Effect of exchange rate changes on cash and bank overdrafts		**25,507**	**(25,191)**
Cash, cash equivalents and bank overdrafts at end of the year		**2,019,391**	**1,665,397**
Cash and short – term funds	19	**2,030,126**	1,679,925
Bank overdrafts and other short term borrowings	23	**(10,735)**	(14,528)
		2,019,391	1,665,397

The notes on pages 109 to 188 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION

Massy Holdings Ltd. (the 'Company'), was incorporated in the Republic of Trinidad and Tobago in 1923. The address of its registered office is 63 Park Street, Port of Spain, Trinidad. The Company and its subsidiaries, (together, the Group) is engaged in trading, manufacturing, service industries and finance in Trinidad and Tobago and the wider Caribbean region. The Company has a primary listing on the Trinidad and Tobago Stock Exchange.

The principal subsidiaries are listed below with the percentage holding of the parent's (Massy Holdings Ltd.) effective shareholding where there is an intermediary company.

	Country of Incorporation	Percentage equity capital held
Automotive & Industrial Equipment		
Massy Motors Ltd.	Trinidad and Tobago	100%
City Motors (1986) Limited	Trinidad and Tobago	100%
Massy Machinery Ltd.	Trinidad and Tobago	100%
Massy Automotive Components Ltd.	Trinidad and Tobago	100%
Massy Motors (Tobago) Ltd.	Trinidad and Tobago	100%
Master Serv Limited	Trinidad and Tobago	100%
Massy Industries (Guyana) Ltd.	Guyana	92.9%
Massy DeLima Grupo Automotriz S.A.S.	Colombia	70%
Massy Pres-T-Con Holdings Ltd.	Trinidad and Tobago	86.08%
Massy Motors Best Auto Ltd.	Trinidad and Tobago	100%
Financial Services		
Massy United Insurance Ltd.	Barbados	100%
Massy Remittance Services (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Finance GFC Ltd.	Trinidad and Tobago	100%
Massycard (Barbados) Limited	Barbados	100%
Massy Services (Guyana) Ltd.	Guyana	92.9%
Massy Credit Plus Ltd.	Trinidad and Tobago	100%
Energy & Industrial Gases		
Massy Energy (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Energy Production Resources Ltd.	Trinidad and Tobago	100%
Massy Energy Engineered Solutions Ltd.	Trinidad and Tobago	100%
Massy Energy Fabric Maintenance Ltd.	Trinidad and Tobago	100%
Massy Energy Supply Chain Solutions Ltd.	Trinidad and Tobago	51%
Massy Gas Products (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Carbonics Ltd.	Trinidad and Tobago	83%
Massy Petrochemical Services Ltd.	Trinidad and Tobago	100%

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION *(continued)*

	Country of Incorporation	Percentage equity capital held
Energy & Industrial Gases *(continued)*		
Massy Gas Products (Jamaica) Limited	Jamaica	100%
Massy Gas Products (Guyana) Ltd.	Guyana	92.9%
Massy Energy Colombia S.A.S.	Colombia	100%
Massy Gas Products (Barbados) Ltd.	Barbados	100%
Massy Gas Products Holdings Ltd.	Trinidad and Tobago	100%
Integrated Retail		
Massy Integrated Retail Ltd.	Trinidad and Tobago	100%
Arvee Foodmaster Limited	Trinidad and Tobago	100%
Athabasca Limited	Trinidad and Tobago	100%
Massy Card Ltd.	Trinidad and Tobago	100%
Massy Integrated Retail (SLU) Ltd.	St. Lucia	100%
Massy Stores (Barbados) Ltd.	Barbados	100%
Massy Stores (Guyana) Inc.	Guyana	100%
Massy Stores (SLU) Ltd.	St. Lucia	100%
Massy Stores (SVG) Ltd.	St.Vincent	100%
Price Low Ltd.	Trinidad and Tobago	100%
Massy Distribution (Jamaica) Limited	Jamaica	100%
Massy Distribution (Guyana) Inc.	Guyana	92.9%
Trident Forwarding Services Inc.	Barbados	100%
Massy Distribution (Barbados) Ltd.	Barbados	100%
Cargo Handlers Limited	Barbados	100%
Retail & Distribution International Inc.	St. Lucia	100%
Massy Distribution (St. Lucia) Ltd.	St. Lucia	100%
Knights Limited	Barbados	99.9%
Magna Loyalty Ltd.	Barbados	90%
Magna Rewards (Jamaica) Limited	Jamaica	51.3%
Magna Rewards (St. Lucia) Limited	St. Lucia	51.3%
Magna Rewards (Trinidad) Limited	Trinidad and Tobago	51.3%
Information Technology & Communications and Other Services		
Massy Technologies InfoCom (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Technologies InfoCom (Antigua) Ltd.	Antigua	100%
Massy Technologies InfoCom (Barbados) Ltd.	Barbados	100%
Massy Technologies InfoCom (Jamaica) Limited	Jamaica	100%
Massy Technologies (Guyana) Ltd.	Guyana	92.9%

1 GENERAL INFORMATION *(continued)*

	Country of Incorporation	Percentage equity capital held
Information Technology & Communications and Other Services *(continued)*		
Massy Communications Ltd.	Trinidad and Tobago	75%
Nealco Datalink Limited	Trinidad and Tobago	100%
Massy Technologies Applied Imaging (Trinidad) Ltd.	Trinidad and Tobago	100%
Other Investments		
Massy Realty (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Properties (Trinidad) Ltd.	Trinidad and Tobago	100%
PEL Enterprises Limited	Barbados	100%
Massy (Barbados) Investments Ltd.	Barbados	100%
The Inter Regional Reinsurance Co. Limited	Cayman Islands	100%
Massy Properties (Barbados) Ltd.	Barbados	100%
Roberts Manufacturing Company Limited	Barbados	50.5%
T. Geddes Grant (Barbados) Limited	Barbados	100%
Seawell Air Services Limited	Barbados	100%
BCB Communications Inc.	Barbados	51%
Massy Security (Guyana) Inc.	Guyana	92.9%
Head Office		
Massy Ltd.	Trinidad and Tobago	100%
Massy (Barbados) Ltd.	Barbados	100%
Massy (Guyana) Ltd.	Guyana	92.9%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a Basis of preparation *(continued)*

i) Standards, amendments and interpretations adopted by the Group

The Group has adopted the following new and amended standards and interpretations as of 1 October 2015:

- Amendment to IAS 19,'Employee benefits', regarding defined benefit plans (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015). These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012 (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015). These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
  - IFRS 2, 'Share-based payment'
  - IFRS 3, 'Business combinations'
  - IFRS 8, 'Operating segments'
  - IFRS 13, 'Fair value measurement'
  - IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
  - Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
  - IAS 39, 'Financial instruments – Recognition and measurement'.

- Annual improvements 2013 (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 January 2015). The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards:
  - IFRS 1, 'First time adoption'
  - IFRS 3, 'Business combinations'
  - IFRS 13, 'Fair value measurement' and
  - IAS 40, 'Investment property'.

ii) Standards, amendments and interpretations that are not yet effective for the financial year beginning 1 October 2015 and not early adopted by the Group. The impact of the following standards has not yet been evaluated:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a Basis of preparation *(continued)*

ii) Standards, amendments and interpretations that are not yet effective for the financial year beginning 1 October 2015 and not early adopted by the Group. The impact of the following standards has not yet been evaluated: *(continued)*

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation (effective 1 January 2016). In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016). These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Annual improvements 2014 (effective 1 January 2016). These set of amendments impacts 4 standards:
  - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
  - IAS 19, 'Employee benefits' regarding discount rates.
  - IAS 34, 'Interim financial reporting' regarding disclosure of information.

- Amendment to IAS 1,'Presentation of financial statements' on the disclosure initiative (effective 1 January 2016). These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective 1 January 2016). These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- IAS Amendments to IAS 7, Statement of cash flows on disclosure initiative (effective 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses (effective 1 January 2017). These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a Basis of preparation *(continued)*

ii) Standards, amendments and interpretations that are not yet effective for the financial year beginning 1 October 2015 and not early adopted by the Group. The impact of the following standards has not yet been evaluated: *(continued)*

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018). This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- IFRS 9 'Financial instruments' (effective 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 15 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition (effective 1 January 2018). The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- IFRS 16 'Leases' (effective 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

  Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a Basis of preparation *(continued)*

ii) Standards, amendments and interpretations that are not yet effective for the financial year beginning 1 October 2015 and not early adopted by the Group. The impact of the following standards has not yet been evaluated: *(continued)*

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (effective 1 January 2018). These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts, the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard — IAS 39.

b Consolidation

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Consolidation *(continued)*

i) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

iii) Associates and Joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Joint ventures are also accounted for using the equity method. The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence in, a jointly controlled entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Consolidation *(continued)*

iii) Associates and Joint ventures (continued)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

c Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

d Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss are recognised as part of the fair value gain or loss.

Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other reserves in equity.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d Foreign currency translation *(continued)*

iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
c) all resulting exchange differences are recognised in the consolidated statement of comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of changes in equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are included in assets and liabilities of the foreign entity and translated at the closing rate.

e Property, plant and equipment

Property, plant and equipment including land and buildings are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Land is not depreciated.

Depreciation is provided on the straight-line basis at rates estimated to write-off the cost of each asset over its expected useful life. In the case of motor vehicles, depreciation is based on cost less an estimated residual value. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and depreciation rates are adjusted if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e Property, plant and equipment *(continued)*

Current rates of depreciation are:

Freehold property	-	2%
Leasehold property and improvements	-	2% to 20%
Plant and equipment	-	5% to 33.3%
Rental assets	-	25%
Furniture and fixtures	-	10% to 25%
Motor vehicles	-	10% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the consolidated income statement.

f Investment properties

Investment and development properties are owned or leased by the Group and held for long-term rental income and capital appreciation and exclude properties occupied by the Group.

Investment properties are stated at amortised cost, less impairment. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in Note 7. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

The current rate of depreciation is 2%.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement in the period of the retirement or disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill represents the goodwill acquired on acquisition of subsidiaries. Goodwill on acquisition of associates is included in 'Investments in Associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Massy Holdings Ltd. allocates goodwill to each business segment in each country in which it operates (Note 8).

ii) Computer software

Costs associated with the maintenance of existing computer software programmes are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

iii) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date, and are being amortised over seven to twenty years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

i Financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'instalment credit and other loans' in the consolidated statement of financial position.

Instalment credit and other loans are stated at principal outstanding net of unearned finance charges and specific allowance for loan losses.

Interest from instalment credit is recognised as it accrues on the reducing balance amount at the annual percentage rate. Interest earned on other forms of financing is calculated as is appropriate to individual transactions.

iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i Financial assets *(continued)*

Classification (continued)

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

j Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unlisted equity securities for which fair values cannot be reliably measured have been recognised at cost less impairment. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement within ‘other (losses)/gains – net’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as ‘gains and losses from investment securities’. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group’s right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k Impairment of financial assets

i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment, as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  a) adverse changes in the payment status of borrowers in the portfolio; and
  b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k Impairment of financial assets *(continued)*

ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

l Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

m Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

n Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

o Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

p Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

q Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

r Insurance

i) Insurance and reinsurance contracts

Insurance and reinsurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant.

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

In the normal course of business, the Group seeks to reduce the losses to which it is exposed that may cause unfavourable underwriting results by re-insuring a certain level of risk with reinsurance companies. Reinsurance premiums are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts.

Reinsurance contracts ceded do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion re-insured, to the extent that the reinsurers do not meet the obligations assumed under the reinsurance agreements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

r Insurance *(continued)*

ii) Amounts receivable from reinsurance companies

Included in accounts receivable on the statement of financial position, are amounts receivable from reinsurance companies, which consist primarily of amounts due in respect of ceded insurance liabilities. Recoverable amounts are estimated in a manner consistent with the outstanding claims reserve or settled claims associated with the re-insured policies and in accordance with the relevant reinsurance contract.

If amounts receivable from reinsurance companies are impaired, the Group reduces the carrying amount accordingly and recognises an impairment loss in the consolidated income statement. A reinsurance asset is impaired if there is objective evidence that the Group may not receive all, or part, of the amounts due to it under the terms of the reinsurance contract.

s Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

t Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

t Current and deferred income tax *(continued)*

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment, retirement benefits and tax losses carried forward. Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be earned against which the unused tax losses can be utilised.

u Employee benefits

i) Pension obligations

Group companies operate various pension plans. The majority of the Trinidad and Tobago resident employees are members of either the Neal & Massy Group Pension Fund Plan, the Retirement Income Security Plan or the T. Geddes Grant Limited Pension Fund Plan.

The Neal & Massy Group Pension Fund Plan, contributions to which were frozen on 31 January,1990, is a defined contribution plan whose assets are held separately from those of the Group in an independently administered fund. The most recent actuarial valuation, at 31 March, 2014, revealed that the plan is adequately funded. There are certain benefits payable by the Neal & Massy Group Pension Fund Plan which fall within the scope of IAS 19 (revised) – Employee Benefits.

The Retirement Income Security Plan incorporates an employee stock ownership plan which is funded by contributions made by the employer, and is funded by the employees. Contributions to the Plan are accounted for on the accrual basis and the assets are held separately from those of the Group in independently administered funds.

T. Geddes Grant Limited Pension Fund Plan is a defined contribution plan whose assets are held separately from those of the Group in an independently administered fund. Contributions to the plan are accounted for on the accrual basis and are reviewed by independent actuaries on the basis of triennial valuations.

The majority of the employees of the overseas companies participate in either defined contribution or defined benefit pension plans which are separate from the Trinidad and Tobago plans.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u Employee benefits *(continued)*

i) Pension obligations *(continued)*

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The asset and liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Other post-employment obligations

Certain Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which it arises. These obligations are valued annually by independent qualified actuaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u Employee benefits *(continued)*

iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

iv) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions are met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus / profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

v Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the allocation or grant of the shares is recognised as an expense under both the Employee Share Ownership Plan (“ESOP”) and the Performance Share Plan (“PSP”) for Executives only.

The total amount to be expensed for shares allocated under the ESOP is determined by reference to the market value and purchase price of the shares on the market at the point of purchase.

The total amount to be expensed, under the PSP, is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity’s share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of shares that are expected to be granted and then vested. The total expense is recognised over the vesting period, which is the period over which all of the specified performance criterion and vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest based on the performance criterion and any applicable non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

v Share-based payments *(continued)*

When the share grants are due to be vested, the company issues new shares.

The grant by the company of shares to the Executives of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of Executive services received, is measured by reference to the grant date fair value and, is recognised over the vesting period.

w Provisions

Provisions for dismantlement costs, restructuring costs, legal claims and all other provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

x Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- *Sale of goods – wholesale*

  The Group manufactures and sells a range of products in the wholesale market. Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

x Revenue recognition *(continued)*

- *Sale of goods – wholesale (continued)*

  Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with credit terms as specified for entities within the Group, which is consistent with the market practice.

- *Sale of goods – retail*

  The Group operates retail outlets for selling a range of products. Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

  It is the Group's policy to sell its products to the retail customer with a right to return within a stipulated number of days as required by the entities in the Group. Accumulated experience is used to estimate and provide for such returns at the time of sale.

- *Sale of services*

  The Group is engaged in providing a number of services. These services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

  Revenue from time and material contracts, typically from delivering design services, is recognised under the percentage-of-completion method. Revenue is generally recognised at the contractual rates. For time contracts, the stage of completion is measured on the basis of labour hours delivered as a percentage of total hours to be delivered. For material contracts, the stage of completion is measured on the basis of direct expenses incurred as a percentage of the total expenses to be incurred.

  Revenue from fixed-price contracts for delivering design services is also recognised under the percentage-of-completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

  Revenue from fixed-price contracts is generally recognised in the period the services are provided, using a straight-line basis over the term of the contract.

  If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

x Revenue recognition *(continued)*

- *Premium income*
  Premiums written are recognised on policy inception and earned on a pro-rata basis over the term of the related policy coverage. Estimates of premiums written as at the statement of financial position date but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums earned. Premiums ceded are expensed on a pro-rata basis over the term of the respective policy.

- *Rental income*
  Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the lease term.

  Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

- *Interest income*
  Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

- *Dividend income*
  Dividend income is recognised when the shareholder's right to receive payment is established.

y Leases

Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where, the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

y Leases *(continued)*

Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similarly owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a pattern reflecting a constant periodic rate of return on the lessor's net investment.

z Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's directors.

3 FINANCIAL RISK MANAGEMENT

a Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potentially adverse effects on the Group's financial performance. This is achieved by the analysis, evaluation, acceptance and management of the Group's risk exposure.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. The treasury function manages the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The function does not operate as a profit centre and the undertaking of speculative transactions is not permitted.

The Group's principal financial liabilities comprise bank loans, operating overdrafts and trade payables, which are used to finance Group operations. There are various financial assets such as trade receivables, investments, loans receivable, cash and short term deposits which emanate from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk.

The following contains information relative to the Group's exposure to each of the above risks, including quantitative disclosures.

i) Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

3 FINANCIAL RISK MANAGEMENT *(continued)*

a Financial risk factors *(continued)*

i) Market risk (continued)

a) Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances.

The values of debt, investments and other financial liabilities, denominated in currencies other than the functional currency of the entities holding them, are subject to exchange rate movements. The US $19,000 loan outstanding as at 30 September 2014 was repaid during 2015 and the USD foreign exchange position as at 30 September 2016 is not significant. A 2 percent change in USD rates would lead to a TT$20 (2015: TT$43) loss/gain in the consolidated income statement.

The assets and liabilities of the Colombian subsidiaries are denominated in Colombian Pesos and are translated into Trinidad and Tobago dollars at exchange rates prevailing at the date of the consolidated statement of financial position. Exchange differences arising are recognised in the consolidated statement of comprehensive income and are included in the consolidated translation reserve. A 10 percent devaluation in the Colombian Peso to the US dollar would result in TT$7,451 loss to the statement of comprehensive income.

b) Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the long term debt obligations, with floating interest rates. The exposure to interest rate risk on cash held on deposit is not significant.

At the end of 2016, interest rates were fixed on approximately 98 percent of the borrowings (2015: 98 percent). The impact on the consolidated income statement to a 50 basis points change in floating interest rates is $199 in 2016 (2015: $199).

c) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii) Credit risk

The Group is exposed to credit risk, which is the risk that may arise from its customers, clients and counterparties failing to discharge their contractual obligations. The credit exposures arise primarily from the Group's receivables on sales, investments and cash held on deposit at various financial institutions.

3 FINANCIAL RISK MANAGEMENT *(continued)*

a Financial risk factors *(continued)*

ii) Credit risk (continued)

The Group has no significant concentrations of credit risk and trades mainly with recognised, creditworthy third parties. It is the Group's policy that all customers trading on credit terms are subject to credit verification procedures. These procedures are elements of a structured credit control system and include an analysis of each customer's creditworthiness and the establishment of limits before credit terms are set. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 11.

With respect to credit risk arising from the other financial assets of the Group, namely cash and cash equivalents and available-for-sale financial investments, the Group's exposure to credit risk arises principally from default of the counterparty.

iii) Liquidity risk

Liquidity risk is the risk which may arise if the Group is unable to meet the obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed lines of credit to meet its obligations.

The following is an analysis of the undiscounted contractual cash flows payable under financial liabilities. Undiscounted cash flows will differ from both the carrying values and the fair values.

Maturity analysis of financial liabilities

	Less than 1 year $	1 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
2016					
Financial liabilities					
Bank overdraft and other short-term borrowings	10,735	–	–	10,735	10,735
Other borrowings	439,692	995,041	1,494,320	2,929,053	2,207,158
Customers' deposits	267,184	125,550	–	392,734	383,010
Trade payables	864,151	–	–	864,151	864,151
Liabilities on insurance contracts	757,294	–	–	757,294	757,294
Subtotal	**2,339,056**	**1,120,591**	**1,494,320**	**4,953,967**	**4,222,348**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

a Financial risk factors *(continued)*

iii) Liquidity risk (continued)

Maturity analysis of financial liabilities *(continued)*

	Less than 1 year $	1 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
2015					
Financial liabilities					
Bank overdraft and other short-term borrowings	14,528	–	–	14,528	14,528
Other borrowings	429,864	1,029,197	1,496,601	2,955,662	2,155,232
Customers' deposits	310,650	43,014	–	353,664	347,914
Trade payables	913,787	–	–	913,787	913,787
Liabilities on insurance contracts	690,701	–	–	690,701	690,701
Subtotal	**2,359,530**	**1,072,211**	**1,496,601**	**4,928,342**	**4,122,162**

b Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

b Capital risk management *(continued)*

	2016 $	2015 $
Total borrowings (Note 23)	**2,217,893**	2,169,760
Less: Cash and cash equivalents (Note 19)	**(2,030,126)**	(1,679,925)
Net debt	**187,767**	489,835
Total equity	**5,048,292**	4,590,327
Total capital	**5,236,059**	**5,080,162**
Gearing ratio	**4%**	**10%**

c Fair value estimation

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities recorded at fair value in the consolidated financial statements based upon the level of judgement associated with the inputs used to measure their fair value. The hierarchical levels, from lowest to highest based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived principally from or corroborated by observable market data by correlation or other means at the measurement date and for the duration of the instruments' anticipated life.
The assets generally included in this fair value hierarchy are time deposits, foreign exchange and interest rate derivatives and certain investment funds. Foreign exchange derivatives and interest rate derivatives are valued using corroborated market data. The liabilities generally included in this fair value hierarchy consist of foreign exchange derivatives and options on equity securities.

Level 3 – Inputs that are unobservable for the asset or liability for which there are no active markets to determine a price. These financial instruments are held at cost being the fair value of the consideration paid for the acquisition of the investments, and are regularly assessed for impairment.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

3 FINANCIAL RISK MANAGEMENT *(continued)*

c Fair value estimation *(continued)*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following table presents the Group's assets that are measured at fair value at 30 September 2016:

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	135,728	11,447	–	147,175
Available-for-sale financial assets				
- Equity securities	15,905	–	162,505	178,410
- Debt securities	1,342	–	32,947	34,289
	152,975	**11,447**	**195,452**	**359,874**

The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2015:

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	121,396	–	–	121,396
Available-for-sale financial assets				
- Equity securities	15,594	–	94,044	109,638
- Debt securities	1,270	–	36,078	37,348
	138,260	**–**	**130,122**	**268,382**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 are discussed below.

i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.g. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 8.

ii) Impairment of property, plant and equipment and investment properties

When any indicators of impairment are identified, property, plant and equipment and investment properties are reviewed for impairment based on each cash generating unit. The cash generating units are individual assets. The carrying value of these assets are compared to the recoverable amount of the cash generating units, which are based either on value-in-use or fair value less cost to sell. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rates for the businesses in which the cash generating unit operates. Where fair values are used, these are provided by an independent professional valuator. Impairment losses are recognised in the consolidated income statement.

The assessment of whether indicators of impairment exist and the estimation of the recoverable amount both require the use of management judgement.

iii) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iv) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The Group uses discounted cash flow analyses for various available-for-sale financial assets that were not traded in active markets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a Critical accounting estimates and assumptions *(continued)*

v) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to the reporting date as a proportion of the total services to be performed.

vi) Pension benefits

The present value of the pension obligations is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

vii) Liabilities on insurance contracts

Outstanding claims consist of estimates of the ultimate cost of claims incurred that have not been settled at the statement of financial position date, whether reported or not, together with related claims handling costs. Significant delays may be experienced in the notification and settlement of certain types of general insurance claims.

Estimates are calculated using methods and assumptions considered to be appropriate to the circumstances of the Company and the business undertaken. This provision, while believed to be adequate to cover the ultimate cost of losses incurred, may ultimately be settled for a different amount. It is continually reviewed and any adjustments are recorded in operations in the period in which they are determined.

b Critical judgements in applying the entity's accounting policies

Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer (CEO). Management has determined the operating segments based on the reports reviewed by the CEO and the Board of Massy Holdings Ltd.

In 2016 the Group reorganised its segments by creating a Financial Services segment.

The following companies were reclassified from the Integrated Retail segment to Financial Services:

1) Massy Finance GFC Ltd.
2) Massy Remittance Services (Trinidad) Ltd.
3) Massy Credit Plus Ltd.
4) Massy Services (Guyana) Ltd.
5) Massycard (Barbados) Limited

Additionally, Massy United Insurance Ltd., which previously encompassed the Insurance segment was also moved to Financial Services. The comparatives were restated to reflect this change.

The CEO and the Board considers the business from both a geographic and business unit perspective. Geographically, management considers the performance of operating companies in Trinidad and Tobago, Barbados & Eastern Caribbean, Guyana, Jamaica and Colombia.

The Group is organised into six main business segments:

1) Automotive & Industrial Equipment;
2) Integrated Retail;
3) Financial Services;
4) Energy & Industrial Gases;
5) Information Technology & Communications (ITC);
6) Other Investments.

The CEO and the Board assesses the performance of the operating segments based on a measure of profit before income tax, profit for the year and asset utilisation.

1) Automotive & Industrial Equipment

This segment derives its revenue mainly from the sale of new and used vehicles, spare parts and industrial equipment and also includes the manufacturing and sale of pre-stressed concrete products and the installation of deep foundations.

2) Integrated Retail

This segment derives its revenue mainly from the sale of retail and wholesale foods, general merchandise and distribution and logistics operations.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

5 SEGMENT INFORMATION *(continued)*

3) *Financial Services*

This segment includes our insurance company, Massy United Insurance Ltd. The Company acts as a primary insurer for property, motor, liability and marine risk within the Caribbean region. It also includes a financing company that accepts deposits for fixed terms and grants instalment credit secured by assets.

4) *Energy & Industrial Gases*

This segment derives its revenue from the sale of gas and the provision of electrical, instrumentation and construction services for offshore platforms. Revenue is also generated from the supply of technical resources, valve services and technical equipment to the energy-based industries in Trinidad and Tobago and the region.

5) *ITC*

This segment derives its revenue mainly from the sale, rental and provision of professional services of technology-based solutions, office interiors and the provision of long-distance communications, carrier / voice data, enterprise and broadband.

6) *Other Investments*

This segment earns revenue from consultancy, property management and other services.

Head Office and Other

The head office and other segment includes companies which provide management, advisory and several support services to relevant subsidiaries across the Group.

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

5 SEGMENT INFORMATION *(continued)*

The segment results for the year ended 30 September 2016 are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Group revenue	2,336,157	7,114,679	533,890	1,033,312	615,682	544,169	1,344	12,179,233
Inter-segment revenue	(124,628)	(360,808)	(3,261)	(37,364)	(43,009)	(74,759)	(1,344)	(645,173)
Third party revenue	**2,211,529**	**6,753,871**	**530,629**	**995,948**	**572,673**	**469,410**	**–**	**11,534,060**
Operating profit/(loss) before finance costs	218,626	354,120	78,442	170,826	64,053	89,691	(96,332)	879,426
Finance costs – net	(14,534)	(33,286)	19,512	2,408	(11,335)	(832)	(19,391)	(57,458)
	204,092	320,834	97,954	173,234	52,718	88,859	(115,723)	821,968
Share of results of associates and joint ventures net of impairment (Note 10)	–	–	–	29,001	(52,025)	1,567	–	(21,457)
Profit/(loss) before income tax	204,092	320,834	97,954	202,235	693	90,426	(115,723)	800,511
Taxation	(65,535)	(104,013)	(28,405)	(58,410)	(13,890)	(13,760)	19,662	(264,351)
Profit/(loss) for the year	**138,557**	**216,821**	**69,549**	**143,825**	**(13,197)**	**76,666**	**(96,061)**	**536,160**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

5 SEGMENT INFORMATION *(continued)*

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

The segment results for the year ended 30 September 2015 have been restated based on the new reporting structure and are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Group revenue	2,537,489	6,944,528	455,699	1,498,684	640,588	543,507	1,340	12,621,835
Inter-segment revenue	(150,857)	(370,137)	(1,793)	(14,288)	(53,894)	(84,683)	(1,340)	(676,992)
Third party revenue	**2,386,632**	**6,574,391**	**453,906**	**1,484,396**	**586,694**	**458,824**	**–**	**11,944,843**
Operating profit/(loss) before finance costs	265,958	375,083	49,151	183,746	100,158	75,084	(88,970)	960,210
Finance costs – net	(10,368)	(32,089)	20,760	809	(4,381)	(2,232)	(53,813)	(81,314)
	255,590	342,994	69,911	184,555	95,777	72,852	(142,783)	878,896
Share of results of associates and joint ventures before tax, net of impairment (Note 10)	(2,932)	–	(74)	48,911	(7,640)	1,937	–	40,202
Profit/(loss) before income tax	252,658	342,994	69,837	233,466	88,137	74,789	(142,783)	919,098
Taxation	(67,474)	(87,006)	(23,355)	(59,984)	(25,841)	(16,774)	29,650	(250,784)
Profit/(loss) for the year	**185,184**	**255,988**	**46,482**	**173,482**	**62,296**	**58,015**	**(113,133)**	**668,314**

5 SEGMENT INFORMATION *(continued)*

The segment assets and liabilities at 30 September 2016 and capital expenditure for the year then ended are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Total assets	1,335,152	2,761,271	2,216,775	1,288,421	693,262	1,472,707	1,273,241	11,040,829
Investments in associates and joint ventures (Note 10)	–	6,720	138	182,586	2,092	53,427	–	244,963
Total liabilities	541,351	910,270	1,434,354	306,307	235,505	474,010	2,090,740	5,992,537
Capital expenditure	112,604	138,320	11,965	56,856	157,133	18,403	5,004	500,285

Other segment items included in the consolidated income statement are as follows:

Depreciation and impairment (Notes 6 and 7)	111,624	90,684	5,827	36,194	38,380	18,378	3,340	304,427
Impairment of goodwill (Note 8)	–	1,431	–	–	–	–	–	1,431

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

5 SEGMENT INFORMATION *(continued)*

The segment assets and liabilities at 30 September 2015 and capital expenditure for the year then ended as restated are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Total assets	1,320,047	2,627,285	2,141,641	1,261,751	594,287	1,283,532	1,190,218	10,418,761
Investments in associates and joint ventures (Note 10)	5,073	6,340	163	197,694	51,168	50,148	–	310,586
Total liabilities	547,319	863,830	1,413,903	387,311	202,295	410,505	2,003,271	5,828,434
Capital expenditure	187,005	132,467	15,814	34,862	134,941	17,676	2,580	525,345

Other segment items included in the consolidated income statement are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Depreciation and impairment (Notes 6 and 7)	104,535	81,866	4,679	35,438	29,550	13,745	2,956	272,769
Impairment of goodwill (Note 8)	–	1,431	–	–	–	–	–	1,431

5 SEGMENT INFORMATION *(continued)*

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to third parties. Capital expenditure comprises additions to property, plant and equipment and investment properties.

The Group's six business segments operate in five main geographical areas, even though they are managed on a regional basis.

The main operations occur in the home country of the company. The areas of operation are principally trading, manufacturing, service industries and finance.

	Third party revenue		Profit before income tax		Total assets		Capital expenditure	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Trinidad and Tobago	**5,587,237**	6,027,621	**475,713**	642,512	**5,268,604**	5,120,127	**344,526**	405,546
Barbados and Eastern Caribbean	**3,857,166**	3,664,623	**287,222**	230,256	**4,157,119**	3,753,343	**77,184**	63,291
Guyana	**821,656**	766,485	**118,648**	118,367	**571,659**	518,189	**47,707**	32,662
Jamaica	**686,290**	622,190	**62,442**	50,278	**411,344**	398,466	**23,053**	19,864
Colombia	**524,640**	838,463	**18,554**	22,622	**302,465**	316,072	**7,678**	3,949
Other	**57,071**	25,461	**(46,345)**	(2,154)	**329,638**	312,564	**137**	33
Head Office and Other Adjustments	**–**	–	**(115,723)**	(142,783)	**–**	–	**–**	–
	11,534,060	**11,944,843**	**800,511**	**919,098**	**11,040,829**	**10,418,761**	**500,285**	**525,345**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold Property $	Leasehold property and improvements $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
At 30 September 2014								
Cost	1,148,347	231,226	1,300,799	491,855	191,512	195,998	93,280	3,653,017
Accumulated depreciation	(122,713)	(108,070)	(949,024)	(234,942)	(141,988)	(117,673)	–	(1,674,410)
Net book amount	**1,025,634**	**123,156**	**351,775**	**256,913**	**49,524**	**78,325**	**93,280**	**1,978,607**
Year ended 30 September 2015								
Opening net book amount	1,025,634	123,156	351,775	256,913	49,524	78,325	93,280	1,978,607
Additions	17,122	27,747	118,195	184,318	23,319	34,359	117,412	522,472
Acquisition of subsidiaries (Note 35)	–	–	6,874	–	343	860	–	8,077
Disposals and adjustments	(643)	(2,343)	1,028	(35,836)	1,168	(3,577)	(434)	(40,637)
Translation adjustments	(10,135)	(1,100)	(767)	(79)	(2,455)	(904)	(243)	(15,683)
Transfer from capital work in progress	43,200	11,311	25,883	542	7,504	1,156	(89,596)	–
Depreciation charge	(19,588)	(11,493)	(89,595)	(108,208)	(17,927)	(25,221)	(16)	(272,048)
Closing net book amount	**1,055,590**	**147,278**	**413,393**	**297,650**	**61,476**	**84,998**	**120,403**	**2,180,788**
At 30 September 2015								
Cost	1,194,924	262,320	1,389,030	569,029	205,253	211,574	120,419	3,952,549
Accumulated depreciation	(139,334)	(115,042)	(975,637)	(271,379)	(143,777)	(126,576)	(16)	(1,771,761)
Net book amount	**1,055,590**	**147,278**	**413,393**	**297,650**	**61,476**	**84,998**	**120,403**	**2,180,788**

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold Property $	Leasehold property and improvements $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended 30 September 2016								
Opening net book amount	1,055,590	147,278	413,393	297,650	61,476	84,998	120,403	2,180,788
Additions	7,003	49,456	229,293	122,173	27,656	45,282	14,334	495,197
Disposals and adjustments	(1,704)	(768)	(2,313)	(58,482)	(377)	(2,209)	(2,944)	(68,797)
Translation adjustments	49,940	1,599	8,287	410	1,257	2,449	397	64,339
Transfer from capital work in progress	(1,048)	3,293	18,255	–	479	1,495	(22,474)	–
Depreciation charge	(20,903)	(13,996)	(99,067)	(114,268)	(22,603)	(29,790)	(14)	(300,641)
Closing net book amount	**1,088,878**	**186,862**	**567,848**	**247,483**	**67,888**	**102,225**	**109,702**	**2,370,886**
At 30 September 2016								
Cost	1,253,721	318,244	1,596,976	524,587	219,517	245,089	109,716	4,267,850
Accumulated depreciation	(164,843)	(131,382)	(1,029,128)	(277,104)	(151,629)	(142,864)	(14)	(1,896,964)
Net book amount	**1,088,878**	**186,862**	**567,848**	**247,483**	**67,888**	**102,225**	**109,702**	**2,370,886**

The net book amount of property, plant and equipment includes $1,779 (2015: $135) in respect of motor vehicles held under finance leases.

Depreciation expense of $132,483 (2015: $126,589) has been charged in cost of sales and $168,158 (2015: $145,459) in 'selling, general and administrative expenses' (Note 28).

Included in additions are capitalized interest costs associated with the IPTV initiative of $4,203.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

7 INVESTMENT PROPERTIES

	2016 $	2015 $
At 30 September		
Cost	**467,069**	440,510
Accumulated depreciation and impairment	**(49,823)**	(44,545)
Net book amount	**417,246**	**395,965**
Opening net book amount	**395,965**	390,342
Adjustment to opening balance and other adjustments	**(379)**	2,889
Translation adjustments	**20,358**	(1,959)
Additions	**5,088**	2,873
Acquisition of subsidiary (Note 35)	**–**	2,567
Depreciation	**(3,786)**	(3,721)
Impairment	**–**	3,000
Disposals	**–**	(26)
Closing net book amount	**417,246**	**395,965**

The fair value of the investment properties amounted to $727,486 (2015: $700,987) as valued by an independent, professionally qualified valuer taking into consideration current replacement costs, land tax valuations and other valuation techniques.

The property rental income earned by the Group during the year from its investment properties, amounted to $53,003 (2015: $62,866). Direct operating expenses arising on the investment properties which generated revenue during the year amounted to $24,312 (2015: $21,168).

Direct operating expenses arising on the investment properties which did not generate revenue during the year amounted to $123 (2015: $73).

Depreciation and impairment expense has been charged in cost of sales.

8 GOODWILL

	2016 $	2015 $
At 30 September		
Cost	**279,172**	277,045
Translation adjustments	**(8,460)**	(13,371)
Accumulated impairment	**(73,637)**	(72,206)
Net book amount	**197,075**	**191,468**
Year ended 30 September		
Opening net book amount	**191,468**	206,524
Adjustments	**–**	(821)
Translation adjustments	**4,911**	(12,804)
Additions	**2,127**	–
Impairment charge (Note 28)	**(1,431)**	(1,431)
Closing net book amount	**197,075**	**191,468**

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to country of operation and business segment.

A segment-level summary of the goodwill allocation is presented below.

	2016 $		2015 $	
	Trinidad and Tobago	Overseas	Trinidad and Tobago	Overseas
Automotive and Industrial Equipment	**13,792**	**23,820**	11,665	22,258
Energy and Industrial Gases	**33,954**	**2,485**	33,954	2,485
Integrated Retail	**3,697**	**75,446**	5,128	73,296
Financial Services	**–**	**40,610**	–	39,411
Other Investments	**–**	**3,271**	–	3,271
Total	**51,443**	**145,632**	**50,747**	**140,721**

The recoverable amount of cash generating units is determined based on value-in-use calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

8 GOODWILL *(continued)*

Key assumptions used for value-in-use calculations:

	2016 Growth rate[1]	2016 Discount rate[2]	2015 Growth rate[1]	2015 Discount rate[2]
Automotive and Industrial Equipment	**0%-5%**	**10.07%-12.4%**	1% - 3.6%	10% - 11.8%
Energy and Industrial Gases	**0%-17%**	**12.09%-13.9%**	1% - 17%	11.5% - 13.9%
Integrated Retail	**1%-5%**	**7.9%-11.4%**	3% - 5%	7.9% - 11%
Financial Services	**5%**	**11.3%**	3%	12.6%
Other Investments	**2%**	**11.59%**	2%	10.4%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period.
[2] Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant segments.

9 OTHER INTANGIBLE ASSETS

Intangibles represent brands and have been recognised at fair value at the acquisition date and are measured at carrying values less accumulated amortisation and impairment. No impairment has been recorded during the years presented.

	2016 $	2015 $
Cost	**59,934**	59,972
Translation adjustments	**935**	(38)
Additions	**6,846**	–
Accumulated amortisation	**(16,932)**	(13,059)
Net book amount	**50,783**	**46,875**

The amortisation charge is included in selling, general and administrative expenses.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2016 $	2015 $
Investment and advances	**82,825**	145,930
Share of post acquisition reserves	**162,138**	164,656
	244,963	**310,586**
Balance at beginning of year	**310,586**	460,469
Additional investments and advances	**1,595**	5,680
Share of results before tax	**(21,457)**	40,202
Share of tax	**(9,349)**	(9,321)
Dividends received	**(40,421)**	(21,782)
Disposal of associate	**–**	(164,947)
Best Auto Ltd. - transferred from an associate to a subsidiary	**(5,073)**	–
Exchange differences	**8,967**	(228)
Other	**115**	513
Balance at end of year	**244,963**	**310,586**

The Group acquired a 20% stake in an IT services company based in Costa Rica in 2014. The acquisition cost the Group $64,500. Included in the share of results before tax in 2016 is an amount of $44,973 relating to the impairment of the investment.

Investments in associates at 30 September, 2016 include goodwill of $18,203 (2015: $18,969), net of accumulated impairment of $9,958 (2015: $9,192).

The principal associate, Banks Holdings Limited, which is listed and incorporated in Barbados, was sold in 2015.

Analysis of position and results of the Group's investments in associates and joint ventures are as follows:

	2016 $	2015 $
Assets	**653,804**	677,155
Liabilities	**433,160**	410,152
Revenues	**715,759**	853,127
Net (loss)/profit after tax and impairment	**(30,806)**	30,881

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

The Group has investments in associates whose year ends are not coterminous with 30 September. These are principally:

	Country of incorporation	Reporting year end
Massy Wood Group Limited	Trinidad and Tobago	31 December
G4S Holdings Trinidad Limited	Trinidad and Tobago	31 December
G4S Security Services (Barbados) Limited	Barbados	31 December

11 CREDIT QUALITY OF FINANCIAL ASSETS

Credit quality – investments

	Low risk $	Standard risk $	Sub-standard risk $	Impaired $	Total $
Investments					
2016	**235,186**	**527,668**	**174**	**–**	**763,028**
2015	326,318	419,532	2,073	–	747,923

Credit quality – other financial assets

	Fully performing $	Past due but not impaired $	Impaired $	Provision for impairment $	Total $
2016					
Instalment credit and other loans	420,266	31,633	8,473	(8,925)	451,447
Trade receivables	532,580	550,384	92,187	(86,411)	1,088,740
	952,846	**582,017**	**100,660**	**(95,336)**	**1,540,187**
2015					
Instalment credit and other loans	417,960	41,518	7,023	(7,264)	459,237
Trade receivables	625,899	470,618	87,238	(85,747)	1,098,008
	1,043,859	**512,136**	**94,261**	**(93,011)**	**1,557,245**

11 CREDIT QUALITY OF FINANCIAL ASSETS *(continued)*

Credit quality – other financial assets *(continued)*

The credit quality of other investments has been analysed into the following categories:

Low Risk - These comprise Sovereign Debt Investments where there has been no history of default.

Standard - These investments are current and have been serviced in accordance with the terms and conditions of the underlying agreements.

Sub-Standard - These investments are either greater than 90 days in arrears but are not considered to be impaired or have been restructured in the past year.

Impaired - These investments are non-performing.

12 FINANCIAL ASSETS

	2016 $	2015 $
Held to maturity	**173,913**	121,156
Loans and receivables	**351,101**	358,385
Available for sale	**212,699**	146,986
	737,713	626,527
Fair value through profit or loss (Note 13)	**147,175**	121,396
	884,888	**747,923**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

12 FINANCIAL ASSETS *(continued)*

a Financial assets – Held to maturity and loans and receivables

	Held to maturity $	Loans and receivables $	Total $
2016			
Beginning of the year	121,156	358,385	479,541
Exchange adjustments	6,970	18,149	25,119
Amortisation cost	(1,330)	(3,249)	(4,579)
Additions	72,082	36,893	108,975
Disposals	–	(59,077)	(59,077)
Maturity	(24,965)	–	(24,965)
End of the year	**173,913**	**351,101**	**525,014**
2015			
Beginning of the year	460,320	8,891	469,211
Amortisation cost	(1,290)	(1,235)	(2,525)
Additions	15,568	38,613	54,181
Disposals	(2,821)	(36,162)	(38,983)
Other	(530)	(1,813)	(2,343)
Reclassified from held to maturity to loans and receivables	(350,091)	350,091	–
End of the year	**121,156**	**358,385**	**479,541**

The fair value of held to maturity financial assets and loans and receivables approximate their carrying amounts.

12 FINANCIAL ASSETS *(continued)*

b Financial assets – available-for-sale investments

	2016 $	2015 $
Beginning of the year	**146,986**	49,196
Exchange differences	**1,342**	(1,793)
Change in market value/impairment charge	**(168)**	158
Additions	**64,979**	99,318
Disposals	**–**	(50)
Net (losses)/gains transferred from equity to other comprehensive income	**(440)**	157
	212,699	**146,986**
Available-for-sale investments include the following:		
Bonds and treasury bills	**1,342**	1,270
Quoted securities	**15,905**	15,594
Unquoted securities	**195,452**	130,122
	212,699	**146,986**
Available-for-sale investments are denominated in the following currencies:		
Trinidad and Tobago dollars	**209**	209
Barbados dollars	**13,105**	12,521
United States dollars	**163,610**	100,826
Other	**35,775**	33,430
	212,699	**146,986**

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available-for-sale.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 $	2015 $
Beginning of the year	**121,396**	122,202
Exchange differences	**7,276**	(384)
Adjustment to opening balance	**(322)**	(13)
Change in market value/impairment charge	**4,129**	(2,239)
Additions	**138,596**	37,929
Disposals	**(123,900)**	(36,099)
	147,175	**121,396**

14 DEFERRED INCOME TAX

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 30% (2015: 25%).

The movement in the deferred income tax account is as follows:

Deferred income tax liabilities

	2016 $	2015 $
Balance at beginning of year	**178,431**	180,338
Charge for the year	**27,868**	2,877
Exchange adjustment	**410**	(907)
Other movements	**17,459**	(3,877)
Balance at end of year	**224,168**	**178,431**

14 DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities *(continued)*

The movement in the deferred tax liabilities during the year ended 30 September 2016 is as follows:

	30.09.15 $	Charge to consolidated income statement $	Other movements $	30.09.16 $
Accelerated depreciation	75,068	5,449	3,607	**84,124**
Pension plan surplus	100,978	8,062	13,607	**122,647**
Other	2,385	14,357	655	**17,397**
	178,431	**27,868**	**17,869**	**224,168**

The movement in the deferred tax liabilities during the year ended 30 September 2015 is as follows:

	30.09.14 $	Charge/(credit) to consolidated income statement $	Other movements $	30.09.15 $
Accelerated depreciation	71,537	4,526	(995)	75,068
Pension plan surplus	107,205	(319)	(5,908)	100,978
Other	1,596	(1,330)	2,119	2,385
	180,338	**2,877**	**(4,784)**	**178,431**

Deferred income tax assets

The movement in the deferred tax assets during the year ended 30 September 2016 is as follows:

	2016 $	2015 $
Balance at beginning of year	**67,353**	67,763
Credit/(charge) for the year	**22,898**	(11,100)
Other movements	**8,393**	1,212
Exchange adjustments	**4,460**	(5,429)
Acquisition of subsidiary	**–**	14,907
Balance at end of year	**103,104**	**67,353**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

14 DEFERRED INCOME TAX *(continued)*

Deferred income tax assets *(continued)*

The movement in the deferred tax assets during the year ended 30 September 2016 is as follows:

	30.09.15 $	Credit/(charge) to consolidated income statement $	Other movements $	30.09.16 $
Accelerated depreciation	22,162	(4,361)	8,415	**26,216**
Tax losses carried forward	8,383	13,786	(1,576)	**20,593**
Other	36,808	13,473	6,014	**56,295**
	67,353	**22,898**	**12,853**	**103,104**

The movement in the deferred tax assets during the year ended 30 September 2015 is as follows:

	30.09.14 $	Charge to consolidated income statement $	Acquisition of subsidiary $	Other movements $	30.09.15 $
Accelerated depreciation	23,131	(962)	--	(7)	22,162
Tax losses carried forward	16,593	(8,177)	--	(33)	8,383
Other	28,039	(1,961)	14,907	(4,177)	36,808
	67,763	**(11,100)**	**14,907**	**(4,217)**	**67,353**

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

15 INSTALMENT CREDIT AND OTHER LOANS

These represent the instalment credit and other loans granted mainly by Massy Finance GFC Ltd.

	2016 $	2015 $
Amounts due within one year	**159,150**	160,778
Between two and five years	**261,327**	264,733
Over five years	**39,895**	40,990
	460,372	466,501
Provision for losses	**(8,925)**	(7,264)
	451,447	459,237
Due within one year	**(156,667)**	(153,514)
	294,780	**305,723**
a Sectorial analysis of instalment credit and other loans		
Consumer	**283,701**	268,443
Manufacturing	**8,172**	8,915
Distribution	**26,605**	29,566
Construction	**32,499**	37,918
Transport	**32,212**	40,166
Agriculture	**3,244**	2,835
Petroleum	**3,024**	3,467
Residential mortgages	**4,659**	3,902
Other	**57,331**	64,025
	451,447	**459,237**
b Provision for losses		
Balance at beginning of year	**7,264**	7,571
Charge for the year	**3,730**	1,410
Amount written off net of recoveries	**(2,069)**	(1,717)
Balance at end of year	**8,925**	**7,264**

The maximum exposure to credit risk at the reporting date is the carrying value of the instalment credit and other loans. The Group holds $534,723 (2015: $512,991) of collateral as security.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS

	2016 $	2015 $
Retirement benefit assets		
Neal & Massy Group Pension Fund Plan	**390,061**	390,342
Overseas plans – Other	**62,146**	57,043
	452,207	**447,385**

The pension plans were valued by an independent actuary using the projected unit credit method.

Neal & Massy Group Pension Fund Plan

	2016 $	2015 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**1,616,103**	1,619,489
Present value of obligation	**(1,138,136)**	(1,101,280)
	477,967	518,209
Unutilisable asset	**(87,906)**	(127,867)
Asset in the statement of financial position	**390,061**	**390,342**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**1,101,280**	1,084,933
Current service cost	**21,263**	20,179
Interest cost	**53,996**	53,805
Actuarial (gains)/losses on obligation	**4,322**	(22,612)
Benefits paid	**(42,725)**	(35,025)
Closing present value of defined benefit obligation at 30 September	**1,138,136**	**1,101,280**

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Neal & Massy Group Pension Fund Plan *(continued)*

	2016 $	2015 $
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**1,619,489**	1,628,338
Expected return on plan assets	**73,512**	72,707
Actuarial (losses)/ gains on plan assets	**(34,173)**	(46,531)
Benefits paid	**(42,725)**	(35,025)
Closing fair value of plan assets at 30 September	**1,616,103**	**1,619,489**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**21,263**	20,179
Net interest cost	**(19,517)**	(18,902)
Total included in other income	**1,746**	**1,277**
Actuarial (gains)/losses recognised in comprehensive income before tax	**(1,465)**	**(4,890)**
Movement in the asset recognised in the consolidated statement of financial position:		
Asset at beginning of year	**390,342**	386,729
Net pension expense	**(1,746)**	(1,277)
Actuarial gains	**1,465**	4,890
Asset at end of year	**390,061**	**390,342**
The principal actuarial assumptions used were:		
	Per annum	**Per annum**
Discount rate	**5.0%**	5.0%
Future salary increases	**5.0%**	5.0%
Future pension increases – post retirement	**3.0%**	3.0%
Sensitivity	**1% increase**	1% decrease
To discount rate ($)	**(163,655)**	**212,252**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Neal & Massy Group Pension Fund Plan *(continued)*

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2016	2015
Plan assets are comprised as follows:		
Local equities/mutual funds	**42%**	44%
Local bonds/mortgages	**18%**	20%
Foreign investments	**31%**	30%
Deferred annuities/insurance policy	**7%**	4%
Short-term securities/cash/accrued income	**2%**	2%
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	**82**	82
Female	**86**	86

Overseas plans – Other

	2016 $	2015 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**220,524**	203,361
Present value of the defined benefit obligation	**(154,898)**	(140,950)
	65,626	62,411
Unutilisable asset	**(3,480)**	(5,368)
Asset recognised in the statement of financial position	**62,146**	**57,043**

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Overseas plans – Other *(continued)*

	2016 $	2015 $
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**140,950**	129,630
Current service cost	**3,562**	3,015
Interest cost	**10,349**	9,403
Plan participant contributions	**3,205**	2,998
Actuarial losses on obligation	**(35)**	4,256
Liabilities extinguished on settlement/curtailment	**(310)**	(358)
Exchange differences on foreign plans	**5,759**	(2,182)
Benefits paid	**(8,582)**	(5,812)
Closing present value of defined benefit obligation	**154,898**	**140,950**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**203,361**	199,455
Income from discount rate on utilisable plan assets	**14,819**	13,885
Actual return on assets greater than/(less than) above	**(732)**	(4,821)
Exchange differences on foreign plans	**6,864**	(4,064)
Employer contributions	**2,130**	2,045
Plan participant contributions	**3,205**	2,998
Administration expenses	**(541)**	(325)
Benefits paid	**(8,582)**	(5,812)
Closing fair value of plan assets at September 30	**220,524**	**203,361**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**3,562**	3,015
Net interest cost	**(4,469)**	(4,482)
Administration expenses	**541**	325
Curtailments and settlements	**(310)**	(358)
Total included in other income	**(676)**	**(1,500)**
Actual return on plan assets	**14,087**	**9,064**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Overseas plans – Other *(continued)*

	2016 $	2015 $
Movement in the asset recognised in the consolidated statement of financial position:		
Asset at beginning of year	**57,043**	52,030
Gain/(loss) recognised in retained earnings	**2,297**	1,467
Net pension income	**676**	1,500
Employer contributions	**2,130**	2,045
Exchange adjustment	**–**	1
Asset at end of year	**62,146**	**57,043**
Actuarial gains recognised in the comprehensive income before tax	**2,297**	**1,467**

The principal actuarial assumptions used were:

	2016 Per annum	2015 Per annum
Discount rate	**6%-9%**	6%-9%
Future salary increases	**5%-5.5%**	5%-5.5%
Future NIS increases	**4%-5.5%**	4%-5.5%
Future pension increases	**1%-5%**	1%-5%
Future bonuses	**0%-1%**	0%-1%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2016 $	2015 $
Retirement benefit obligations		
Barbados Shipping & Trading (BS&T) – medical plan	**(89,322)**	(79,066)
Barbados Shipping & Trading (BS&T) – pension plan	**(41,150)**	(57,967)
Other plans	**(44,432)**	(41,403)
	(174,904)	**(178,436)**

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Overseas plans - BS&T

	2016 $	2015 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**500,771**	451,189
Present value of the defined benefit obligation	**(541,921)**	(509,156)
Liability in the statement of financial position	**(41,150)**	**(57,967)**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**509,156**	507,814
Current service cost	**8,152**	8,210
Interest cost	**39,953**	38,503
Actuarial losses/(gains) on obligation	**(5,886)**	(8,565)
Past service cost – vested benefits	**(4,323)**	–
Exchange differences on foreign plans	**30,577**	(1,597)
Benefits paid	**(35,708)**	(35,209)
Closing present value of defined benefit obligation at 30 September	**541,921**	**509,156**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**451,189**	473,031
Expected return on plan assets	**35,296**	35,792
Actuarial gains/(losses) on plan assets	**6,919**	(36,233)
Administration expenses	**(288)**	(491)
Employer contributions	**15,716**	15,790
Exchange differences	**27,647**	(1,491)
Benefits paid	**(35,708)**	(35,209)
Closing fair value of plan assets at 30 September	**500,771**	**451,189**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Overseas plans - BS&T *(continued)*

	2016 $	2015 $
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**8,152**	8,210
Net interest cost	**4,656**	2,710
Past service cost	**(4,323)**	–
Administration expenses	**288**	491
Expense recognised in the income statement	**8,773**	11,411
Actual return on plan assets	**42,216**	**(441)**
Liability at beginning of year	**(57,967)**	(34,783)
Income/(expense) recognised in other comprehensive income	**9,874**	(27,562)
Net pension expense	**(8,773)**	(11,411)
Contributions paid	**15,716**	15,790
Exchange adjustment	**–**	(1)
Liability at end of year	**(41,150)**	**(57,967)**

The principal actuarial assumptions used were:

	2016 Per annum	2015 Per annum
Discount rates	**7.75%**	7.75%
Future salary increases	**5.75%**	5.75%
Future NIS increases	**3.50%**	3.50%
Future pension increases - past service	**0.75%**	0.75%
Future pension increases - future service	**0.75%**	0.75%

Assumptions regarding future mortality experience were obtained from published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

Male	**82**	82
Female	**86**	86

16 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

BS&T – medical plans

The principal actuarial assumptions used were:

	2016 Per annum	2015 Per annum
Discount rate	**7.75%**	7.75%
Annual increase in health care	**4.50%**	4.50%

17 INVENTORIES

	2016 $	2015 $
Finished goods and goods for resale	**1,218,597**	1,202,225
Goods in transit	**240,923**	279,775
Raw materials and consumables	**95,242**	61,057
Work in progress	**19,986**	25,037
	1,574,748	**1,568,094**

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $7,567,463 (2015: $7,586,594).

18 TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Trade receivables	**1,164,682**	1,160,480
Receivables with related parties	**10,469**	23,275
Less: provision for impairment of receivables	**(86,411)**	(85,747)
	1,088,740	**1,098,008**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

18 TRADE AND OTHER RECEIVABLES *(continued)*

	2016 $	2015 $
Other debtors and prepayments	**1,042,410**	1,133,713
Less: provision for impairment	**(2,038)**	(4,516)
Other debtors and prepayments – net	**1,040,372**	1,129,197
	2,129,112	**2,227,205**

Given the short-term nature of the trade and other receivables, the fair value approximates the carrying amount of these assets. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of regionally dispersed customers.

Aging analysis – financial assets

	< 30 days $	Past due but not impaired 31 – 60 days $	61 – 90 days $	> 90 days $	Total $
2016					
Trade receivables	**101,400**	**141,964**	**53,864**	**253,156**	**550,384**

	< 1 year $	1 – 2 years $	> 2 years $	Total $
Instalment credit and other loans	**7,703**	**6,468**	**17,462**	**31,633**

	< 30 days $	Past due but not impaired 31 – 60 days $	61 – 90 days $	> 90 days $	Total $
2015					
Trade receivables	**152,938**	**92,629**	**90,825**	**134,226**	**470,618**

	< 1 year $	1 – 2 years $	> 2 years $	Total $
Instalment credit and other loans	**5,945**	**11,492**	**24,081**	**41,518**

18 TRADE AND OTHER RECEIVABLES *(continued)*

Aging analysis – financial assets *(continued)*

Provision for impairment

	Opening balance $	Provision for impairment $	Written off during the year $	Unused provisions reversed $	Closing balance $
2016					
Instalment credit and other loans	7,264	3,730	(2,069)	–	8,925
Trade receivables	85,747	24,587	(13,380)	(10,543)	86,411
Other debtors and prepayments	4,516	732	(3,168)	(42)	2,038
	97,527	**29,049**	**(18,617)**	**(10,585)**	**97,374**

	Opening balance $	Provision for impairment $	Written off during the year $	Unused provisions reversed $	Acquisition $	Closing balance $
2015						
Instalment credit and other loans	7,571	1,410	(952)	(765)	–	7,264
Trade receivables	74,384	22,453	(10,258)	(3,147)	2,315	85,747
Other debtors and prepayments	21,910	9,589	(7,276)	(19,707)	–	4,516
	103,865	**33,452**	**(18,486)**	**(23,619)**	**2,315**	**97,527**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

18 TRADE AND OTHER RECEIVABLES *(continued)*

The carrying amounts of the Group's trade and other receivables are reported in the following currencies:

	2016 $	2015 $
Trinidad and Tobago dollars	**1,448,888**	922,029
Barbados and Eastern Caribbean dollars	**509,250**	1,047,086
Jamaican dollars	**87,792**	90,498
Guyanese dollars	**56,109**	97,530
Colombian pesos	**14,245**	24,157
Other	**12,828**	45,905
	2,129,112	**2,227,205**

19 CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and in hand	**1,918,231**	1,617,111
Short-term bank deposits	**111,895**	62,814
	2,030,126	**1,679,925**

The effective interest rate on short-term bank deposits was 1% (2015: 1%). These deposits have an average maturity of less than 90 days.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2016 $	2015 $
Cash and cash equivalents	**2,030,126**	1,679,925
Bank overdrafts (Note 23)	**(10,735)**	(14,528)
Cash, net of bank overdrafts	**2,019,391**	**1,665,397**

20 SHARE CAPITAL

	Number of shares #	Ordinary shares $	Total $
At 30 September 2015	97,741	748,860	748,860
Share capital adjustment	2	78	78
Employee share grant – value of services provided	–	4,323	4,323
At 30 September 2016	**97,743**	**753,261**	**753,261**
At 30 September 2014	97,741	741,432	741,432
Employee share grant – value of services provided	–	7,428	7,428
At 30 September 2015	**97,741**	**748,860**	**748,860**

The total authorised number of ordinary shares is unlimited with no par value. All issued shares are fully paid.

Share capital adjustment

The Trinidad and Tobago Central Depository ("TTCD") agreed to a proposal to regularise a long-outstanding issue. In 2005, 1,828 shares in the capital of the company was entered into circulation and trading and there was no documentation to support the issue of these shares. The TTCD agreed to regularise the discrepancy by purchasing the shares at the price at the time at which the issue was brought to the attention of the Company, which was $42.66 per share. In order to regularise this situation and ensure that the issued share capital was equivalent to both the registered and listed share capital the Board approved the issue of 1,828 shares of no par value, in name of the TTCD.

Share grants

The Shareholders of Massy Holdings Ltd. approved a Performance Share Plan for the benefit and long-term incentive of selected Senior Executives of Massy Holdings Ltd. and its subsidiaries, under which shares may be granted to such Executives. The Plan was approved on 26 September 2013 and the first tranche of shares was awarded on 1 October 2013 for the Executive Performance Period of 1 October 2012 to 30 September 2013. The Award is a conditional right to receive a grant of shares which may only vest where the Base Share Price grows by a compound annual growth rate, approved each year by the Board of Directors.

The Base Share Price will be calculated based on the average market price of the shares, for the last ten trading days, in the calendar month immediately preceding the Grant Date. Shares may vest between three and six years from the Grant Date subject to, the applicable compound annual growth rate from the Base Share Price, which must be achieved to trigger the vesting and issue of the shares. The amount recognised in the income statement of $4,323 (2015: $7,428) is the best estimate of the Award value over its specified life – i.e. until vesting or expiry.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

20 SHARE CAPITAL *(continued)*

Key assumptions are:

	2016	2015
-Share price growth – Tranches 1 and 2	**5%**	5%
-Share price growth – Tranche 3	**2%**	–
-Expected life (years)	**4.5**	4.5
-Expected volatility	**9.93%**	9.87%
-Annual dividend increase rate	**15%**	15%

21 DIVIDENDS PER SHARE

	2016 $	2015 $
Interim paid – 51 cents per share (2015 – 51 cents)	**49,849**	49,849
Final paid – 159 cents per share (2015 – 139 cents)	**155,411**	135,846
	205,260	**185,695**

On 20 December 2016 the Board of Directors of Massy Holdings Ltd. declared a final dividend per share of $1.59, bringing the total dividends per share for the financial year ended 30 September 2016 to $2.10 (2015 - $2.10).

22 NON-CONTROLLING INTERESTS

	2016 $	2015 $
Balance at beginning of year	**236,370**	235,652
Additions	**6,906**	15,520
Share of profit for the year	**37,603**	29,908
Purchase of non-controlling interests	**–**	(431)
Dividends	**(27,721)**	(29,437)
Other movements	**5,191**	(14,842)
Balance at end of year	**258,349**	**236,370**

23 BORROWINGS

	2016 $	2015 $
Secured advances and mortgage loans	**428,126**	443,602
Unsecured advances	**1,779,032**	1,711,630
Bank overdrafts and other short-term borrowings	**10,735**	14,528
Total borrowings	**2,217,893**	2,169,760
Less short-term borrowings	**(347,239)**	(304,831)
Medium and long-term borrowings	**1,870,654**	**1,864,929**
Short-term borrowings comprise:		
Bank overdrafts and other short-term borrowings	**10,735**	14,528
Current loan instalments	**336,504**	290,303
	347,239	**304,831**

On 30 July 2014, Massy Holdings Ltd. issued a $1.2 billion TT Dollar Fixed Rate Bond. A private auction system was used to determine the issue size and cost of each series of the Bond issue. RBC Merchant Bank (Caribbean) Limited was the Arranger and RBC Trust (Trinidad & Tobago) Limited was the Trustee. The bond was issued at a premium. The face value of both series was $600 million each with a tenor of 10 years (Series A) and 15 years (Series B) and a coupon of 4.00% and 5.25% respectively. Interest will be paid on a semi-annual basis in arrears and the principal will be repaid via a bullet payment at maturity.

Total borrowings include secured liabilities of $359,048 (2015: $368,658).

Bank borrowings are secured by the land and buildings of the Group.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the statement of financial position dates are as follows:

	2016 $	2015 $
6 months or less	**10,735**	14,528
6-12 months	**336,504**	290,303
1-5 years	**294,636**	289,537
Over 5 years	**1,576,018**	1,575,392
	2,217,893	**2,169,760**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

23 BORROWINGS *(continued)*

The carrying amount and fair value of the borrowings are as follows:

	Carrying amount 2016 $	Carrying amount 2015 $	Fair value 2016 $	Fair value 2015 $
Secured advances and mortgage loans	**428,126**	443,602	**428,126**	443,602
Unsecured advances	**1,779,032**	1,711,630	**1,779,032**	1,711,630
	2,207,158	**2,155,232**	**2,207,158**	**2,155,232**

The carrying amounts of short-term borrowings and current borrowings approximate their fair value.

	2016 $	2015 $
The maturity of borrowings is as follows:		
Payable within one year	**347,239**	304,831
Payable between two and five years	**294,636**	289,537
Payable between six and ten years	**976,678**	976,085
Payable over ten years	**599,340**	599,307
	2,217,893	**2,169,760**

Interest charges on secured and unsecured loans vary from 1.75% to 13.71% (2015: 1.75% to 13.71%) per annum. The effective interest rates were as follows:

	2016 US$ %	2016 TT$ %	2016 Other %	2015 US$ %	2015 TT$ %	2015 Other %
Secured advances and mortgage loans	**4.00**	**1.75-10.00**	**4.27-13.71**	4.00	1.75-10.00	4.27-13.71
Unsecured advances	**3.45**	**4.00-5.25**	**3.25-9.40**	3.45	4.00-5.25	3.25-9.40
Bank overdrafts and other short term borrowings	**–**	**6.50-9.00**	**7.53-25.24**	–	6.50-9.00	7.53-25.24

23 BORROWINGS *(continued)*

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2016 $	2015 $
US dollars	**1,015**	2,175
Barbados dollars	**344,172**	306,284
Trinidad and Tobago dollars	**1,780,310**	1,756,366
Other	**92,396**	104,935
	2,217,893	**2,169,760**

24 CUSTOMERS' DEPOSITS

These represent the deposits for fixed terms accepted mainly by Massy Finance GFC Ltd.

	2016 $	2015 $
Payable within one year	**264,180**	306,681
Payable between two and five years	**118,830**	41,233
	383,010	**347,914**
Sectorial analysis of deposit balances		
Private sector	**84,697**	89,593
Consumers	**298,313**	258,321
	383,010	**347,914**

25 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The Company maintains a self-insured program covering portions of Group life and consequential loss insurance. The amounts in excess of the self-insured levels are fully insured; subject to certain limitations and exclusions. The Company accrues its estimated liability for these self-insured programs, including estimates for insured but not reported claims, based on known claims and past claims history. The remaining balance for provisions for other liabilities and charges stem from accruals for outstanding tax claims or assessments.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

26 TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade creditors	**864,151**	913,787
Other payables	**930,949**	926,362
	1,795,100	**1,840,149**

27 LIABILITIES ON INSURANCE CONTRACTS

The major classes of general insurance written by the Group's insurance operations include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a twelve month duration. Liabilities comprise:

	2016 $	2015 $
Outstanding claims	**390,587**	313,436
Unearned premiums	**366,707**	377,265
	757,294	**690,701**

Movement in outstanding claims reserve may be analysed as follows:

	Insurance liabilities 2016 $	Reinsurers' share 2016 $	Insurance liabilities 2015 $	Reinsurers' share 2015 $
Beginning of the year	**313,436**	**34,361**	318,477	107,935
Exchange adjustment	**15,694**	**1,157**	(1,003)	(339)
Claims incurred	**299,379**	**118,907**	179,451	37,859
Claims paid	**(237,922)**	**(86,369)**	(183,489)	(111,094)
	390,587	**68,056**	**313,436**	**34,361**

27 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Movement in the unearned premium reserve may be analysed as follows:

	Insurance liabilities 2016 $	Reinsurers' share 2016 $	Insurance liabilities 2015 $	Reinsurers' share 2015 $
Beginning of the year	**377,265**	**249,827**	314,853	229,200
Exchange adjustment	**15,133**	**9,847**	(989)	(721)
Premiums written in the year	**718,882**	**364,983**	826,813	525,069
Premiums earned in the year	**(744,573)**	**(413,535)**	(763,412)	(503,721)
	366,707	**211,122**	**377,265**	**249,827**

The reinsurers' share of outstanding claims and unearned premium reserves are included in accounts receivable. Claims reserves comprise provisions for claims reported by policyholders and claims incurred but not yet reported and are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the statement of financial position date. Outstanding claims reserves are not discounted for the time value of money.

The principal assumption underlying the estimates is past claims development experience. This includes assumptions in respect of average claims costs and claims numbers for each accident year. In addition, larger claims are separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent periods.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

27 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Claims development table

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Gross											
At end of accident year	167,208	304,045	139,416	158,115	290,059	138,343	150,112	184,808	220,834	294,924	
One year later	166,938	292,754	211,420	198,226	349,279	177,113	158,359	152,479	219,083	–	
Two years later	180,357	292,688	222,027	244,629	348,659	176,937	152,237	157,059	–	–	
Three years later	180,732	295,552	216,709	243,456	347,472	156,841	152,929	–	–	–	
Four years later	172,326	287,957	214,728	241,919	353,611	158,526	–	–	–	–	
Five years later	170,195	286,171	211,329	242,949	355,622	–	–	–	–	–	
Six years later	167,345	285,450	208,290	243,825	–	–	–	–	–	–	
Seven years later	167,064	286,032	208,963	–	–	–	–	–	–	–	
Eight years later	167,466	285,352	–	–	–	–	–	–	–	–	
Nine years later	168,406	–	–	–	–	–	–	–	–	–	
	168,406	285,352	208,963	243,825	355,622	158,526	152,929	157,059	219,083	294,924	**2,244,689**
Cumulative payments to date	155,657	321,852	264,198	140,589	336,311	133,132	136,341	120,944	156,284	144,297	**1,909,605**
Liability recognized	12,749	(36,500)	(55,235)	103,236	19,311	25,394	16,588	36,115	62,799	150,627	**335,084**
Liability in respect of prior years											**55,503**
Total liability											**390,587**
Net favourable/ (unfavourable) development	(1,198)	18,693	(69,547)	(85,710)	(65,563)	(20,183)	(2,817)	27,749	1,751		

27 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Claims development table *(continued)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Net Claims											
At end of accident year	109,409	165,723	136,932	155,426	141,592	102,831	91,485	114,521	169,272	189,420	
One year later	107,798	176,733	196,870	171,615	217,042	112,114	102,196	111,871	160,380	–	
Two years later	109,378	179,534	196,998	217,060	219,184	117,728	95,785	109,347	–	–	
Three years later	111,383	186,100	192,570	215,850	218,708	122,607	95,735	–	–	–	
Four years later	115,395	179,948	190,295	214,942	225,552	124,530	–	–	–	–	
Five years later	113,462	178,102	187,271	215,865	227,671	–	–	–	–	–	
Six years later	111,363	177,421	184,347	217,676	–	–	–	–	–	–	
Seven years later	111,069	178,000	185,409	–	–	–	–	–	–	–	
Eight years later	110,487	177,349	–	–	–	–	–	–	–	–	
Nine years later	111,445	–	–	–	–	–	–	–	–	–	
Cumulative payments to date	111,445	177,349	185,409	217,676	227,671	124,530	95,735	109,347	160,380	189,420	**1,598,962**
	99,738	213,980	241,008	114,692	123,585	97,139	160,412	80,921	106,498	83,083	**1,321,056**
Liability recognized	11,707	(36,631)	(55,599)	102,984	104,086	27,391	(64,677)	28,426	53,882	106,337	**277,906**
Liability in respect of prior years											**44,625**
Total liability											**322,531**
Net favourable/ (unfavourable) development	(2,036)	(11,626)	(48,477)	(62,250)	(86,079)	(21,699)	(4,250)	5,174	8,892		

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

28 OPERATING PROFIT BEFORE FINANCE COSTS

	2016 $	2015 $
Revenue	**11,534,060**	11,944,843
Cost of sales	**(8,344,886)**	(8,749,872)
Gross profit	**3,189,174**	3,194,971
Selling, general and administrative expenses	**(2,476,732)**	(2,404,031)
Other income	**166,984**	169,270
	879,426	**960,210**
Selling, general and administrative expenses include the following:		
Staff costs	**1,009,954**	971,633
Depreciation	**168,158**	145,459
Impairment charge (reversal) – investment properties	**–**	(3,000)
Impairment of goodwill	**1,431**	1,431
Amortisation of other intangible assets	**3,873**	3,562
Directors' fees	**4,024**	3,151
Operating lease rentals	**90,898**	85,580

29 STAFF COSTS

Staff costs included in cost of sales, selling, general and administrative expenses are as follows:

	2016 $	2015 $
Wages and salaries and termination benefits	**1,367,089**	1,407,173
Share based compensation	**4,323**	7,428
Pension costs	**30,203**	38,912
	1,401,615	**1,453,513**
Average number of persons employed by the Group during the year:		
Full time	**10,017**	9,222
Part time	**1,703**	1,556
	11,720	**10,778**

30 FINANCE COSTS – NET

	2016 $	2015 $
Interest expense	**94,064**	118,528
Interest income	**(36,606)**	(37,214)
Finance costs – net	**57,458**	**81,314**

31 INCOME TAX EXPENSE

	2016 $	2015 $
Trinidad and Tobago subsidiaries	**157,178**	169,630
Overseas subsidiaries	**97,824**	71,833
Associated companies	**9,349**	9,321
	264,351	**250,784**
The Group's effective tax rate of 33% (2015 – 27%) differs from the statutory Trinidad and Tobago tax rate of 25% as follows:		
Profit before income tax	**800,511**	**919,098**
Tax calculated at a tax rate of 25%	**200,128**	229,774
Effect of different tax rates in other countries	**14,242**	15,999
Expenses not deductible for tax purposes/(Income) not subject to tax	**21,800**	(4,418)
Business levy/green fund levy/withholding taxes	**20,192**	12,491
Effect of change in tax rates	**13,412**	–
Adjustments to prior year tax provisions	**(5,423)**	(3,062)
Tax charge	**264,351**	**250,784**

The impact of the increase in corporation tax rate (25% to 30%) in Trinidad and Tobago is included in effect of changes in the tax rate.

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

32 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016 $	2015 $
Profit attributable to shareholders	**498,557**	638,406
Weighted average number of ordinary shares in issue (thousands)	**97,743**	97,741
Basic earnings per share	**5.10**	6.53
Profit attributable to owners of the parent	**498,557**	638,406
Weighted average number of ordinary shares for diluted earnings per share thousands	**97,743**	97,741
Diluted earnings per share ($ per share)	**5.10**	6.53

33 CONTINGENCIES

At 30 September 2016 the Group had contingent liabilities in respect of bonds, guarantees and other matters arising in the ordinary course of business amounting to $798,837 (2015: $519,035).

Massy Holdings Ltd. (MHL) entered into guarantees with Mitsubishi Heavy Industries Ltd. (MHI), under which it guaranteed payment of 10% of Caribbean Gas Chemical Limited's payment obligations to MHI under the contracts for the engineering procurement and construction of the methanol and DME plants and 12.5% of the base equity commitment. MHL's maximum liability under guarantees is $643,588.

Group companies are defendants in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any material unprovided losses.

34 COMMITMENTS

Capital commitments

Capital expenditure contracted at the consolidated statement of financial position date but not yet incurred is as follows:

	2016 $	2015 $
Property, plant and equipment	**45,549**	**247,120**

Operating lease commitments - where a Group Company is the lessee:

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 $	2015 $
No later than 1 year	**49,989**	50,497
Later than 1 year and no later than 5 years	**147,381**	151,775
Later than 5 years	**208,409**	225,458
	405,779	**427,730**
Operating lease commitments - where a Group company is the lessor:		
Less than one year	**38,668**	55,288
One year to five years	**42,561**	35,510
Over five years	**–**	–
	81,229	**90,798**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars

35 BUSINESS COMBINATIONS

Massy Energy Barbados Ltd., a Massy Group Company, acquired 100% of the shares of Wood Group PSN Colombia S.A, (WGPSN) on 7 October 2014. Following acquisition, the company changed its name on 8 October 2014 to Massy Energy Colombia S.A.S (MEC). The share purchase and sale agreement is dated 3 October 2014 between Wood Group Engineering North Sea Ltd., Wood Group Holdings International Ltd and Massy Energy (Barbados) Ltd.

The following table summarises the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date:

	2015 $
Consideration paid	
Consideration for shares purchased	74,314
Total consideration	**74,314**
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	54,723
Property, plant and equipment and investment properties	10,644
Inventories	1,596
Deferred tax asset	14,907
Trade and other receivables	188,084
Trade and other payables	(148,199)
Total identifiable net assets	**121,755**
Share purchase agreement adjustment	(1,476)
Working capital adjustment	(16,425)
Negative goodwill	**(29,540)**

The fair value of assets acquired and liabilities assumed at the acquisition date have not changed.

The revenue and profit included in the consolidated income statement for the period 7 October 2014 to 30 September 2015 contributed by MEC was $581,965 and $16,177 respectively.

The revenue and profit included in the consolidated income statement for the period ended 30 September 2016 was $257,127 and $12,477 respectively.

The assets and liabilities presented above, used a combination of independent valuations and book value.

36 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Massy Holdings Ltd. (incorporated in the Republic of Trinidad and Tobago).

The following transactions were carried out with related parties:

	2016 $	2015 $
a Sales of goods		
Associates	**23,811**	**30,018**
Goods are sold on the basis of the price lists in force with non-related parties.		
b Purchases of goods		
Associates	**5,996**	**166,142**
Goods purchased from entities controlled by non-executive directors	**132,360**	**121,793**
Goods are bought on the basis of the price lists in force with non-related parties.		
c Key management compensation		
Salaries and other short-term employee benefits	**106,148**	102,442
Post-employment benefits	**6,900**	6,659
Share-based compensation	**4,323**	7,428
	117,371	**116,529**
d Year-end balances arising from sales/purchases of goods/services		
Receivables from related parties:		
Associates	**5,384**	**11,976**
Payables to related parties:		
Associates	**712**	**31**
e Loans to associates		
Beginning of year	**42,674**	27,008
Loans advanced during year	**–**	17,631
Loans repayments received	**(25,600)**	(2,332)
Interest charged	**528**	461
Interest received	**(264)**	(94)
End of the year	**17,338**	**42,674**

Year ended 30 September. Expressed in Thousands of Trinidad and Tobago dollars
For Financial Years ending 2012-2016. Expressed in Thousands of Trinidad and Tobago dollars

36 RELATED PARTY TRANSACTIONS *(continued)*

	2016 $	2015 $
f Loans from associates		
Beginning of year	**–**	–
Loans advanced during year	**37,637**	–
Loan repayments received	**(35,226)**	–
Interest charged	**329**	–
Interest received	**(329)**	–
End of the year	**2,411**	**–**
g Total loans to other related parties		
Beginning of year	**12,377**	3,617
Loans advanced during year	**258**	6,500
Loan repayments received	**(6,615)**	–
Interest charged	**9,177**	11,459
Interest received	**(11,437)**	(9,199)
Other	**(3,616)**	–
End of the year	**144**	**12,377**

37 SUBSEQUENT EVENTS

Massy Holding Ltd. Board decided on 14 November 2016 to exit the 20 percent investment in I&G Technologies in Costa Rica via a sale of the Group's interest to one of the existing shareholders, who has taken the lead for putting additional capital into the company.

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16
Income Statement Information					
Third party revenue	9,146,488	9,391,521	10,703,801	11,944,843	**11,534,060**
Operating profit before finance costs and rebranding costs	793,781	809,731	880,801	959,851	**884,385**
Operating profit before finance costs	793,781	809,731	822,892	960,210	**879,426**
Finance costs	(46,107)	(32,139)	(33,857)	(81,314)	**(57,458)**
Share of results of associates and joint ventures	54,175	47,665	43,444	40,202	**(21,457)**
Profit before tax	801,849	825,257	832,479	919,098	**800,511**
Effective tax rate	32.2%	27.6%	27.9%	27.3%	**33.0%**
Profit for the year from continuing operations	543,987	597,428	600,099	668,314	**536,160**
Loss for the year from discontinued operations	(49,875)	–	–	–	**–**
Profit for the year	494,112	597,428	600,099	668,314	**536,160**
Profit attributable to owners of the parent	470,809	542,782	555,003	638,406	**498,557**
Basic earnings per share - from continuing operations ($.¢)	5.13	5.59	5.69	6.53	**5.10**
Basic loss per share - from discontinued operations ($.¢)	(0.26)	–	–	–	**–**
Total earnings per share ($.¢)	4.87	5.59	5.69	6.53	**5.10**
Balance Sheet Information					
Non current assets	3,464,299	3,862,735	4,366,530	4,572,670	**4,868,757**
Current assets	4,394,662	4,428,484	5,482,698	5,846,091	**6,172,072**
Assets of disposal group classified as held-for-sale	590,743	577,890	–	–	**–**
Total assets	8,449,704	8,869,109	9,849,228	10,418,761	**11,040,829**
Non-current liabilities	1,507,870	1,272,537	2,608,358	2,576,560	**2,718,074**
Current liabilities	2,928,853	3,117,991	3,016,308	3,251,874	**3,274,463**
Liabilities of disposal group classified as held-for-sale	491,913	453,109	–	–	**–**
Total liabilities	4,928,636	4,843,637	5,624,666	5,828,434	**5,992,537**
Shareholder's equity	3,385,307	3,850,788	3,988,910	4,353,957	**4,789,943**
Non-controlling interests	135,761	174,684	235,652	236,370	**258,349**
Equity	3,521,068	4,025,472	4,224,562	4,590,327	**5,048,292**
Cash	1,304,737	1,112,557	1,626,044	1,679,925	**2,030,126**
Debt	1,455,976	1,309,949	2,467,307	2,169,760	**2,217,893**

Five Year Review

For Financial Years ending 2012-2016. Expressed in Thousands of Trinidad and Tobago dollars

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16
Balance Sheet Quality Measures					
Working Capital	1,465,809	1,310,493	2,466,390	2,594,217	**2,897,609**
Current Ratio	1.50	1.42	1.82	1.80	**1.88**
Quick Ratio	1.07	1.00	1.31	1.32	**1.40**
Total debt to shareholder's equity	43.0%	34.0%	61.9%	49.8%	**46.3%**
Total debt to shareholder's equity & debt	30.1%	25.4%	38.2%	33.3%	**31.6%**
Cash Flow Information					
Cash flow from operating activities	698,106	504,068	395,241	1,005,804	**1,037,036**
Cash flow from investing activities	(301,563)	(380,169)	(373,239)	(431,301)	**(511,383)**
Cash flow from financing activities	(212,523)	(313,985)	503,934	(497,419)	**(197,166)**
Net increase/(decrease) in cash, cash equivalents before exchange rate changes	184,020	(190,086)	525,936	77,084	**328,487**

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