



## **MASS FINANCIAL CORP**

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## News Release

### **MASS FINANCIAL CORP. REPORTS RESULTS FOR THE YEAR 2008**

**- Return on Shareholders' Equity 28.5% -**

HONG KONG (May 22, 2009) . . . Mass Financial Corp. ("MFC") (Vienna Stock Exchange Symbol: MASS) (OTC Markets: MFCAF) today reported its financial results for the year ended December 31, 2008. All figures are in U.S. dollars.

For the year ended December 31, 2008, MFC reported total revenues of \$598.8 million with net income attributable to shareholders of \$23.3 million or \$0.99 per diluted share, compared to total revenues of \$543.9 million with net income attributable to shareholders of \$48.5 million or \$2.09 per diluted share for the year 2007.

At December 31, 2008, the Company had \$206.1 million in cash and securities, our working capital ratio was 2.52, and the long-term debt-to-shareholders' equity ratio was 0.45. Return on shareholders' equity was 28.5 percent. In comparison, the S&P 500 returned negative 38 percent in this period.

President Michael Smith, commented, "Our commodities business provided a solid foundation that we used to effectively pursue international opportunities and enhanced the value of our assets.

Proprietary investing is an integral part of our financial services business. Through such investments, we are able to more accurately quantify potential intrinsic value and fine-tune our strategies for realizing value.

With the downturn in the global economy, opportunities are becoming more visible. Valuations of several complementary projects have been coming closer to more sensible levels.

In 2008, we made several mistakes that affected our performance.

- We incurred losses in currencies relative to the US dollar in the amount of \$18.2 million. These losses primarily began in early October. Failing to react quickly enough in the face of the market's turmoil, we did not move our currency positions to US dollars until the first week of November. After analyzing this event we have

concluded that our risk management system and general level of efficiency with regards to our investment portfolio must be improved. Our basket of currencies suffered in the midst of record-high volatility; our allocation has now been adjusted.

- We wrote off goodwill and investments in the amount of \$10.2 million. To be prudent, we have made an impairment to cover write-offs. In these changing times, it is important that we look very carefully at every asset.

I would like to update you on what MFC has completed in 2009.

- In an effort to increase awareness of our shares, we have in 2009 obtained a listing for our common shares on the Vienna Stock Exchange. In the future we will seek additional ways to create awareness and market liquidity.
- During 2009, we have entered into a partnership to acquire and expand a manufacturer of specialty medical vehicles located in Europe whose products are sold on a global basis. In the future we will look to finance and rent these vehicles to cities and towns.
- Since the 2008 year-end we have also purchased the assets of 4-D Neuroimaging. This complements our medical sales and services business and should now substantially increase our magnetoencephalography (MEG) brain imaging systems business. Clients for this business operate specialized epilepsy surgery centers, neurosurgical hospitals and neuroscience research centers. The current markets for this business are North America, Europe and China. Medical applications of this technology include the localization of epileptic spikes prior to epilepsy surgery and brain mapping prior to tumor surgery.
- Under long-term liabilities on our 2008 balance sheet, there is a debt of US\$71.5 million (face value in Canadian dollars). Subsequent to December 31, 2008, we settled this debt through a series of transactions, and will report a satisfactory gain in US dollars.

We are, however, pleased that we increased our shareholders value per share by 30 percent to \$6.22. The continuing effectiveness of our strategy demands constant review and attention in order for it to reflect our commitment to developing wealth for our shareholders.”

Shareholders are encouraged to read the entire Annual Report for a greater understanding of Mass. The Annual Report is also available on the Company’s website.

**About the Company:**

Mass Financial Corp.'s merchant banking business encompasses a broad spectrum of activities related to the integrated combination of banking, commodities, financing of commercial trade, and proprietary investing. To obtain further information, please visit our website at <http://www.massfinancialcorp.com>

*- AUDITED FINANCIAL TABLES FOLLOW -*

**MASS FINANCIAL CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2008 and 2007**  
(U.S. Dollars in Thousands)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 201,622	\$ 183,903
Securities	4,493	45,984
Restricted cash	16,054	0
Loans	1,357	1,992
Trade and other receivables	30,315	37,053
Inventories	20,075	43,907
Properties for sale	13,374	0
Tax receivables	2,237	1,051
Prepaid and other	6,934	1,366
Total current assets	296,461	315,256
<b>Non-current Assets</b>		
Restricted cash	28	0
Securities	9,150	5,989
Securities, restricted	9,357	9,357
Loans	0	11,869
Receivables	286	972
Property, plant and equipment	2,806	992
Investment property	39,744	0
Goodwill	4,513	4,754
Deferred tax assets	2,149	368
Equity method investments	5,421	6,019
Total non-current assets	73,454	40,320
	\$ 369,915	\$ 355,576

**MASS FINANCIAL CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2008 and 2007**  
(U.S. Dollars in Thousands)

	<u>2008</u>	<u>2007</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial liabilities, note payable	\$ 1,112	\$ 0
Financial liabilities, short-term bank loans	65,067	76,204
Trade and other payables and accrued expenses	37,928	52,636
Accrued dividend on preferred shares	9,265	4,080
Provisions	487	0
Income tax liabilities	1,134	1,423
Long-term debt, current portion	2,770	8,981
Total current liabilities	117,763	143,324
<b>Long-term liabilities</b>		
Long-term debt, less current portion	52,634	28,068
Financial liabilities	9,357	9,357
Deferred tax liabilities	1,030	154
Due to former parent company and former subsidiaries	71,506	91,956
Other non-current liabilities	91	0
Total long-term liabilities	134,618	129,535
Total Liabilities	252,381	272,859
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Common stock, net	18,090	2,591
Equity component of convertible debt	1,000	1,000
Other reserves	(11,656)	(11,592)
Retained earnings	108,576	89,584
Total shareholders' equity	116,010	81,583
<b>Minority interests</b>	1,524	1,134
Total Equity	117,534	82,717
	\$ 369,915	\$ 355,576

**MASS FINANCIAL CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Years Ended December 31, 2008 and 2007**  
(U.S. Dollars in Thousands, Except per Share Data)

	<u>2008</u>	<u>2007</u>
Revenues from sales, services and other	\$ 594,545	\$ 540,483
Share of the results of associates and joint ventures	4,263	3,465
Total revenues	<u>598,808</u>	<u>543,948</u>
Expenses		
Cost of sales	494,391	454,051
General and administrative	28,216	21,554
Interest	15,464	12,034
Dividend on preferred shares classified as liabilities	3,744	3,853
Other	8,267	2,880
	<u>550,082</u>	<u>494,372</u>
Operating profit	48,726	49,576
Other items:		
Currency transaction gain (loss)	(18,151)	2,212
Goodwill impairment	(5,235)	(1,930)
	<u>(23,386)</u>	<u>(1,718)</u>
Profit before income taxes	25,340	49,858
Recovery of (provision for) income taxes	1,272	(824)
	<u>26,612</u>	<u>49,034</u>
Profit after taxes	<u>\$ 26,612</u>	<u>\$ 49,034</u>
Profit attributable to:		
Shareholders of Mass Financial Corp.	\$ 23,288	\$ 48,492
Minority interests	3,324	542
	<u>\$ 26,612</u>	<u>\$ 49,034</u>
Earnings per share		
- basic	<u>\$ 1.30</u>	<u>\$ 2.85</u>
- diluted	<u>\$ 0.99</u>	<u>\$ 2.09</u>
Number of weighted average shares outstanding, basic	17,846,083	17,044,229
Number of weighted average shares outstanding, diluted	23,812,670	23,309,893

**MASS FINANCIAL CORP.****Financial Highlights December 31, 2008**

(U.S. Dollars in Thousands except per Share Data and Ratios)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u> (Unaudited)
Cash	\$201,622	\$183,903	\$99,078	\$26,185
Securities	4,493	45,984	36,787	2,880
Current Assets	296,461	315,256	195,462	82,599
Total Assets	369,915	355,576	230,437	109,255
Current Liabilities	117,763	143,324	91,280	39,421
Working Capital	178,698	171,932	104,182	43,178
Current Ratio	2.52	2.20	2.14	2.10
Long-Term Debt, less current portion	52,634	28,068	4,710	869
Long-Term Debt-to-Shareholders' Equity	0.45	0.34	0.10	- <sup>(3)</sup>
Debt – Due to former parent company and former subsidiaries	71,506	91,956	77,976	67,058 <sup>(1)</sup>
Total Liabilities	252,381	272,859	183,491	107,348
Shareholders' Equity	116,010	81,583	45,131	1 <sup>(2)</sup>
Return on Shareholders' Equity	28.5%	107.4%	- <sup>(3)</sup>	- <sup>(3)</sup>
Equity Per Common Share	6.22	4.79	2.65	- <sup>(3)</sup>

(1) Opening balance of 2005, amounts are denominated in Canadian dollars

(2) The net assets or value purchased in 2005 was with the total issuance of the debt – preferred shares. An independent valuation of the common shares at the time of our spin-off was in the range of \$0.50 to \$0.76 per share, approximately US\$9 million. At that time valuation treated the common shares as a warrant value on the capital that may be made on the preferred shares in the future in excess of the stated dividend.

(3) Not available

**MASS FINANCIAL CORP.****The Group's total revenues comprised:**

(U.S. Dollars in Thousands except Percentages)

	<u>2008</u>		<u>2007</u>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Commodities	\$ 294,404	49.2	\$ 206,726	38.0
Trade and financial services	229,410	38.3	274,867	50.5
Interest and dividends	19,443	3.2	14,579	2.7
Securities and investment property	37,863	6.3	37,223	6.8
Equity income	4,263	0.7	3,465	0.6
Other	13,425	2.3	7,088	1.4
	<u>\$ 598,808</u>	<u>100.0%</u>	<u>\$ 543,948</u>	<u>100.0%</u>