



## **MASS** FINANCIAL CORP.

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## News Release

### **MASS FINANCIAL CORP. REPORTS RESULTS FOR THE FIRST HALF 2009 - Net asset value per share exceeds \$9 -**

HONG KONG (September 30, 2009) . . . Mass Financial Corp. (“MFC”) (Vienna Stock Exchange symbol: MASS) today reported its financial results for the six months ended June 30, 2009. All figures are in U.S. dollars and earnings per share amounts are on a diluted basis.

For the six months ended June 30, 2009, MFC reported total revenues of \$212.5 million with net income of \$60.5 million or \$2.42 per share, compared to total revenues of \$305.9 million with net income of \$28.2 million or \$1.12 per share for the first six months of 2008.

At June 30, 2009, MFC had \$257.2 million in cash and securities, our current ratio was 2.10, and the long-term debt-to-shareholders’ equity ratio was 0.25. Equity per common share increased to \$9.63, a 263 percent increase in three years.

Revenue for the six months ended June 30, 2009 declined from the six months ended December 31, 2008 by 27 percent. This was primarily due to the withdrawal of our commodities and trade finance services from certain countries because of their high counter-party risks which were caused by the global economic crises. In addition, we have also cancelled certain product lines and ended relations with some of our customers.

MFC’s current goal is to preserve capital and liquidity for the future. Looking back, we may be criticized for cutting back too much by this decision to withdraw from certain markets and cancel some product lines. However, MFC is healthier, as we are not operating with any belief that our markets are returning to levels prior to the economic crisis in the short-term.

On a positive note, since April our commodity and finance related business revenues have increased 41percent. Overall this business will be less in 2009 but margins should increase as we are focusing on products with better margins and less counter-party risks.

President Michael Smith commented, “We have completed the restructuring of our debt to our former parent company. Our medical business is growing, and our production and refining of various nonferrous metals will see satisfactory earnings in 2009.

We cannot predict how we will do for the full year 2009. But we believe we can increase our net asset value per share. Net asset value is the way we value our company. We do not believe a price earning multiple is relevant.

With a weakened global economy, valuations of several projects, what look to be complementary have become closer to more sensible levels and start to be at a real discount to net tangible asset value. We will, however, maintain our level of discipline in assessing the related risks.”

Mr. Smith continued, “With this second half of 2009, MFC is now in its fourth year since becoming an independent company. In trying to create market awareness and liquidity for our shareholders, we took steps to complete the process of listing our common shares on the Vienna Stock Exchange. Unfortunately, this has not been successful in enhancing shareholder value. We are now working on another listing and methods of creating greater market value for our shareholders.

The effectiveness of our strategy demands constant review and attention in order for MFC to reflect our commitment to developing wealth for our shareholders.”

**About the Company:**

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

**MASS FINANCIAL CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**June 30, 2009 and December 31, 2008**  
(U.S. Dollars in Thousands)  
(unaudited)

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 244,752	\$ 201,622
Securities	12,448	4,493
Restricted cash	334	16,054
Loans	8,040	1,357
Trade and other receivables	15,218	30,315
Inventories	6,584	20,075
Properties for sale	13,470	13,374
Tax receivables	4,930	2,237
Prepaid and other	16,379	6,934
Total current assets	322,155	296,461
<b>Non-current Assets</b>		
Restricted cash	28	28
Securities	9,141	9,150
Securities, restricted	9,357	9,357
Loans	5,371	-
Receivables	302	286
Property, plant and equipment	3,670	2,806
Investment property	40,245	39,744
Goodwill	4,548	4,513
Deferred tax assets	2,155	2,149
Equity method investments	4,950	5,421
Total non-current assets	79,767	73,454
	<b>\$ 401,922</b>	<b>\$ 369,915</b>

**MASS FINANCIAL CORP.**  
**CONSOLIDATED BALANCE SHEET (con't)**  
**June 30, 2009 and December 31, 2008**  
(U.S. Dollars in Thousands)  
(unaudited)

	<u>2009</u>	<u>2008</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial liabilities, short-term bank loans	\$ 107,066	\$ 65,067
Trade and other payables and accrued expenses	32,624	39,040
Accrued dividend on preferred shares	-	9,265
Provisions	497	487
Income tax liabilities	673	1,134
Long-term debt, current portion	12,621	2,770
Total current liabilities	153,481	117,763
<b>Long-term liabilities</b>		
Long-term debt, less current portion	45,233	52,634
Financial liabilities	9,357	9,357
Deferred tax liabilities	1,164	1,030
Due to former parent company and former subsidiaries	-	71,506
Notes payable	11,265	-
Other non-current liabilities	120	91
Total long-term liabilities	67,139	134,618
Total Liabilities	220,620	252,381
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Common stock, net	18,090	18,090
Equity component of convertible debt	1,000	1,000
Other reserves	(8,417)	(11,656)
Retained earnings	168,907	108,576
Total shareholders' equity	179,580	116,010
<b>Minority interests</b>		
Total Equity	1,722	1,524
	\$ 401,922	\$ 369,915

**MASS FINANCIAL CORP.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For Six Months Ended June 30, 2009 and 2008**  
(U.S. Dollars in Thousands, Except per Share Amounts)  
(unaudited)

	<u>2009</u>	<u>2008</u>
Revenues from sales, services and other	\$ 210,599	\$ 303,699
Share of the results of associates and joint ventures	1,898	2,181
Total revenues	<u>212,497</u>	<u>305,880</u>
Expenses		
Cost of sales	124,577	250,438
General and administrative	14,884	14,230
Interest	4,920	9,075
Other	3,278	3,278
	<u>147,659</u>	<u>277,021</u>
Operating profit	64,838	28,859
Other items:		
Currency transaction gain (loss)	(3,836)	1,550
Goodwill impairment	-	(1,121)
	<u>61,002</u>	<u>29,288</u>
Profit before income taxes	61,002	29,288
Provision for income taxes	(482)	(1,057)
	<u>60,520</u>	<u>28,231</u>
Profit after taxes	<u>\$ 60,520</u>	<u>\$ 28,231</u>
Attributable to:		
Shareholders of Mass Financial Corp.	\$ 60,331	\$ 25,644
Minority interests	189	2,587
	<u>\$ 60,520</u>	<u>\$ 28,231</u>
Earnings per share		
- basic	<u>\$ 3.24</u>	<u>\$ 1.50</u>
- diluted	<u>\$ 2.42</u>	<u>\$ 1.12</u>
Number of weighted average shares outstanding, basic	18,639,221	17,044,229
Number of weighted average shares outstanding, diluted	24,992,231	23,010,816

**MASS FINANCIAL CORP.**  
**FINANCIAL HIGHLIGHTS**  
(U.S. Dollars in Thousands except per Share Data and Ratios)  
(unaudited)

	<u>June 30,</u> <u>2009</u>	<u>2008</u>	<u>December 31,</u> <u>2007</u>	<u>2006</u>	<u>2005</u>
Cash	\$244,752	\$201,622	\$183,903	\$99,078	\$26,185
Securities	12,448	4,493	45,984	36,787	2,880
Current Assets	322,155	296,461	315,256	195,462	82,599
Total Assets	401,922	369,915	355,576	230,437	109,255
Current Liabilities	153,481	117,763	143,324	91,280	39,421
Working Capital	168,674	178,698	171,932	104,182	43,178
Current Ratio	2.10	2.52	2.20	2.14	2.10
Long-Term Debt, less current portion	45,233	52,634	28,068	4,710	869
Long-Term Debt-to-Equity Ratio	0.25	0.45	0.34	0.10	<sup>(3)</sup>
Debt – Preferred Shares	-	71,506	91,956	77,976	67,058 <sup>(1)</sup>
Total Liabilities	220,620	252,381	272,859	183,491	107,348
Shareholders' Equity	179,580	116,010	81,583	45,131	1 <sup>(2)</sup>
Return on Shareholders' Equity	<sup>(4)</sup>	28.5%	107.4%	<sup>(3)</sup>	<sup>(3)</sup>
Equity Per Common Share	9.63	6.22	4.79	2.65	<sup>(3)</sup>

<sup>(1)</sup> Opening balance of 2005, preferred shares are denominated in Canadian dollars

<sup>(2)</sup> 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.

<sup>(3)</sup> Not applicable

<sup>(4)</sup> 6- month period, not comparable