

B.A.L.

B.A.L. Holdings Limited

(to be renamed as "Unlimited Creativity Holdings Limited")

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

INTERIM
REPORT
2010



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors of B.A.L. Holdings Limited (the “Company”) (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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HIGHLIGHTS

- Turnover for the six months ended 30 September 2010 was approximately HK\$44 million (2009: HK\$69 million) representing a decrease of approximately 36%, as compared with the corresponding period in 2009.
- Loss for the six months ended 30 September 2010 decreased from HK\$17 million last year same period to approximately HK\$10 million.
- For the three months ended 30 September 2010, the Group recorded a profit of HK\$4 million whilst in last year same period, loss of HK\$7 million was recorded.
- The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2010.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2010 HK\$'000	2009 (Restated) HK\$'000	2010 HK\$'000	2009 (Restated) HK\$'000
Revenue	2	18,982	35,119	44,175	68,509
Cost of sales		(4,328)	(6,453)	(8,899)	(11,817)
Gross profit		14,654	28,666	35,276	56,692
Other revenue and gains	2	12,490	8,437	11,656	13,791
Servicing, selling and distribution costs		(13,316)	(22,941)	(30,191)	(48,308)
Administrative expenses		(9,279)	(9,518)	(20,760)	(18,962)
Other operating expenses		(1,925)	(11,544)	(7,255)	(19,822)
Operating profit/(loss)	4	2,624	(6,900)	(11,274)	(16,609)
Finance costs		(26)	(285)	(116)	(360)
Share of result of associates		23	(1)	283	(1)
Profit/(Loss) before income tax		2,621	(7,186)	(11,107)	(16,970)
Income tax (expense)/credit	5	1,387	-	1,387	-
Profit/(Loss) for the period		4,008	(7,186)	(9,720)	(16,970)
Attributable to:					
Equity holders of the Company		4,008	(7,186)	(9,720)	(16,970)
Non-controlling interests		-	-	-	-
Profit/(Loss) for the period		4,008	(7,186)	(9,720)	(16,970)
Earnings/(Loss) per share attributable to the equity holders of the Company					
- Basic	7	HK0.1 cents	(HK3.3 cents)	(HK0.4 cents)	(HK11.7 cents)
- Diluted	7	N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2010	2009	2010	2009
	(Restated)	(Restated)	(Restated)	(Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(Loss) for the period	4,008	(7,186)	(9,720)	(16,970)
Other comprehensive income/(loss):				
Changes in fair value of available-for-sale financial assets	842	749	842	801
Other comprehensive income for the period	842	749	842	801
Total comprehensive income/(loss) for the period	4,850	(6,437)	(8,878)	(16,169)
Attributable to:				
Equity holders of the Company	4,850	(6,437)	(8,878)	(16,169)
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	4,850	(6,437)	(8,878)	(16,169)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2010 (Unaudited) <i>HK\$'000</i>	As at 31 March 2010 (Audited) <i>HK\$'000</i>
<i>Notes</i>			
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	14,670	21,830
Investment properties		16,409	16,390
Interests in associates		16,632	15,336
Held-to-maturity investments		1,249	2,669
Deposits and other receivables		13,840	7,591
Restricted bank deposits		1,300	1,300
Deferred tax assets		-	-
		64,100	65,116
Current assets			
Inventories		1,122	1,727
Trade receivables	9	5,044	7,294
Prepayments, deposits and other receivables		111,433	19,933
Financial assets at fair value through profit or loss		44,448	30,903
Held-to-maturity investments		1,427	180
Available-for-sale financial assets		5,719	5,034
Derivative financial instruments		-	16
Amounts due from related companies		3,385	875
Cash and cash equivalents		36,111	30,626
Tax recoverable		85	85
		208,774	96,673

		As at 30 September 2010 (Unaudited) HK\$'000	As at 31 March 2010 (Audited) HK\$'000
	<i>Notes</i>		
Current liabilities			
Trade payables	10	24	103
Accruals, receipts in advance and other payables		11,453	13,625
Amounts due to non-controlling interests		597	1,077
Derivative financial instruments		-	4
Borrowings		59,308	513
Provision for tax		2,072	3,396
		<u>73,454</u>	<u>18,718</u>
Net current assets		<u>135,320</u>	<u>77,955</u>
Total assets less current liabilities		<u>199,420</u>	<u>143,071</u>
Non-current liabilities			
Borrowings		-	8,246
Deposits		135	251
Deferred tax liabilities		1,140	1,140
		<u>1,275</u>	<u>9,637</u>
Net assets		<u><u>198,145</u></u>	<u><u>133,434</u></u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	11	4,273	23,633
Reserves		193,872	109,801
		<u>198,145</u>	<u>133,434</u>
Non-controlling interests		-	-
Total equity		<u><u>198,145</u></u>	<u><u>133,434</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2010

	Equity attributable to the equity holders of the Company											
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Capital reserves	Investment revaluation reserve	Share option reserve	Contributed surplus	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009	741	25,388	278	17	(62,116)	28,327	(2,179)	3,649	143,500	137,605	467	138,072
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	801	-	-	801	-	801
Loss for the period	-	-	-	-	(16,970)	-	-	-	-	(16,970)	-	(16,970)
Total comprehensive income/(loss) for the period	-	-	-	-	(16,970)	-	801	-	-	(16,169)	-	(16,169)
Equity-settled share option arrangement	-	-	-	-	-	-	-	578	-	578	-	578
Allotment of shares	4,000	35,160	-	-	-	-	-	-	-	39,160	-	39,160
At 30 September 2009	<u>4,741</u>	<u>60,548</u>	<u>278</u>	<u>17</u>	<u>(79,086)</u>	<u>28,327</u>	<u>(1,378)</u>	<u>4,227</u>	<u>143,500</u>	<u>161,174</u>	<u>467</u>	<u>161,641</u>
At 1 April 2010	<u>23,633</u>	<u>40,380</u>	<u>278</u>	<u>17</u>	<u>(101,360)</u>	<u>28,327</u>	<u>(1,430)</u>	<u>89</u>	<u>143,500</u>	<u>133,434</u>	<u>-</u>	<u>133,434</u>
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	842	-	-	842	-	842
Loss for the period	-	-	-	-	(9,720)	-	-	-	-	(9,720)	-	(9,720)
Total comprehensive income/(loss) for the period	-	-	-	-	(9,720)	-	842	-	-	(8,878)	-	(8,878)
Realisation of fair value changes of available-for-sale financial assets on disposals	-	-	-	-	-	-	933	-	-	933	-	933
Equity-settled share option arrangement	-	-	-	-	-	-	-	37	-	37	-	37
Option forfeited	-	-	-	-	126	-	-	(126)	-	-	-	-
Allotment of shares	12,710	59,926	-	-	-	-	-	-	-	72,636	-	72,636
Capital reduction	(32,070)	-	-	-	-	-	-	-	32,070	-	-	-
Arising from de-consolidation of a subsidiary	-	-	-	(17)	-	-	-	-	-	(17)	-	(17)
At 30 September 2010	<u>4,273</u>	<u>100,306</u>	<u>278</u>	<u>-</u>	<u>(110,954)</u>	<u>28,327</u>	<u>345</u>	<u>-</u>	<u>175,570</u>	<u>198,145</u>	<u>-</u>	<u>198,145</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW*For the six months ended 30 September 2010*

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(110,899)	(3,578)
Net cash utilized in investing activities	(6,719)	(4,523)
Net cash used before financing activities	(117,618)	(8,101)
Net cash from financing activities	123,103	66,115
Net increase in cash and cash equivalents	5,485	58,014
Cash and cash equivalents at beginning of period	30,626	36,111
Cash and cash equivalents at the end of period	36,111	94,125

Notes to the condensed consolidated interim accounts

1. Basis of Preparation

The Group's unaudited consolidated results have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The unaudited consolidated results for the six months ended 30 September 2010 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee. The accounting policies and basis of preparation adopted in preparing the interim financial information are consistent with those used in the Company's annual financial statements for the period ended 31 March 2010, except in relation to the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") that affect the Company and its subsidiaries and are adopted for the first time for the current period's financial information.

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for the loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

The directors of the Company anticipate that the application of HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial information of the Group for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective in these financial statements. The Group has commenced an assessment of the impact of these new standards and interpretations but is not yet in a position to state whether they would significantly impact its results of operations and financial position.

2. Revenue and Other Revenue and Gains

Revenue, which is also the Group's turnover, represents total invoiced value of beauty products, net of discounts and sales returns, the appropriate proportion of contract revenue generated from the provision of beauty and clinical services and the appropriate proportion of rental income based on the terms of the lease of investment properties.

	For the three months ended 30 September		For the six months ended 30 September	
	2010	2009	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue				
Beauty services and sale of				
beauty products	8,157	19,139	18,759	39,074
Clinical services	10,678	15,855	25,105	29,160
Rental income from				
investment properties	147	125	311	275
	18,982	35,119	44,175	68,509
Other revenue and gains				
Franchise fee income	143	-	143	-
Interest income	137	101	178	240
Rental income from sublet of				
office premises	306	334	586	614
Dividend income from				
listed investments	157	226	406	486
Fair value gains on financial assets				
at fair value through profit or loss	8,290	4,713	8,313	8,868
Gain/(Loss) on disposal of financial				
assets at fair value through profit				
or loss	1,529	2,728	(440)	2,728
Loan interest income	899	204	1,372	494
Others	1,029	131	1,098	361
	12,490	8,437	11,656	13,791

3. Segment Information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

An analysis of the Group's reportable segment profit before taxation for the period by operating segment is as follows:

For the six months ended 30 September

2010

(Unaudited)

	Beauty services and sale of beauty products HK\$'000	Clinical services HK\$'000	Property investment HK\$'000	Securities investment HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue:						
Revenue from external customers	18,759	25,105	311	-	-	44,175
Other revenue	-	-	-	8,279	1,372	9,651
	<u>18,759</u>	<u>25,105</u>	<u>311</u>	<u>8,279</u>	<u>1,372</u>	<u>53,826</u>
Segment results	<u>(8,942)</u>	<u>1,774</u>	<u>234</u>	<u>1,596</u>	<u>334</u>	<u>(5,004)</u>
Unallocated income						2,004
Unallocated expenses						(8,274)
Operating loss						(11,274)
Finance costs						(116)
Share of results of associates						283
Loss before income tax						(11,107)
Income tax expense/(credit)						(1,387)
Loss for the period						<u>(9,720)</u>
2009						
(Unaudited)						
Segment revenue:						
Revenue from external customers	39,074	29,160	275	-	-	68,509
Other revenue	-	-	-	12,082	494	12,576
	<u>39,074</u>	<u>29,160</u>	<u>275</u>	<u>12,082</u>	<u>494</u>	<u>81,085</u>
Segment results	<u>(9,851)</u>	<u>(1,322)</u>	<u>100</u>	<u>(94)</u>	<u>92</u>	<u>(11,075)</u>
Unallocated income						1,214
Unallocated expenses						(6,748)
Operating loss						(16,609)
Finance costs						(360)
Share of results of associates						(1)
Loss before income tax						(16,970)
Income tax expense						-
Loss for the period						<u>(16,970)</u>

4. Profit/(Loss) before Taxation

Profit/(Loss) before taxation is stated after charging the following:

	For the three months ended 30 September 2010		For the six months ended 30 September 2010	
	(Unaudited) HK\$'000	(Unaudited) 2009 HK\$'000	(Unaudited) HK\$'000	(Unaudited) 2009 HK\$'000
Charging:				
Cost of inventories recognised as expenses	222	180	468	636
Auditors' remuneration	100	100	145	200
Depreciation	1,702	3,080	4,183	5,505
Operating lease charges in respect of land and buildings	3,696	4,351	8,739	9,751
Exchange Loss	86	78	74	33
Interest expenses on borrowings	3	57	57	114
	<u>3</u>	<u>57</u>	<u>57</u>	<u>114</u>

5. Taxation

	For the three months ended 30 September 2010		For the six months ended 30 September 2010	
	(Unaudited) HK\$'000	(Unaudited) 2009 HK\$'000	(Unaudited) HK\$'000	(Unaudited) 2009 HK\$'000
Current:				
Hong Kong				
- Charge for the period	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
Overseas				
- Charge for the period	-	-	-	-
- Under/(Over) provision in prior years	(1,387)	-	(1,387)	-
	<u>(1,387)</u>	<u>-</u>	<u>(1,387)</u>	<u>-</u>
Income tax expenses/(credit)	<u>(1,387)</u>	<u>-</u>	<u>(1,387)</u>	<u>-</u>

6. Interim Dividend

The directors do not recommend the payment of an interim dividend for the period (2009: HK\$Nil).

7. Earnings/(Loss) Per Share

(a) Basic

The calculation of basic earnings/(loss) per share for the three months ended 30 September 2010 is based on the profit attributable to shareholders of approximately HK\$4,008,000 (2009: loss approximately HK\$7,186,000) and the weighted average number of 2,813,364,956 ordinary shares in issue during the period (2009: 217,284,872 shares in issue).

The calculation of basic loss per share for the six months ended 30 September 2010 is based on the loss attributable to shareholders of approximately HK\$9,720,000 (2009: approximately HK\$16,970,000) and the weighted average number of 2,648,799,415 ordinary shares in issue during the period (2009: 145,672,959 shares in issue).

(b) Diluted

The computation of diluted earnings/(loss) per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

8. Property, Plant and Equipment

	As at 30 September 2010 (Unaudited) HK\$'000	As at 31 March 2010 (Audited) HK\$'000
At beginning of the period	21,830	33,158
Additions	1,322	5,357
Disposals	(4,299)	(965)
Depreciation charge	(4,183)	(15,720)
	<u>14,670</u>	<u>21,830</u>

9. Trade Receivables

The ageing analysis of trade receivables is as follows:

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Neither past due nor impaired	670	2,625
Within three months past due	2,431	2,675
Over three months but within six months past due	1,943	1,994
	<u>5,044</u>	<u>7,294</u>

10. Trade Payables

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Within three months	<u>24</u>	<u>103</u>
	<u>24</u>	<u>103</u>

11. Issued Capital

	At 30 September 2010 (Unaudited)		At 31 March 2010 (Audited)	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>30,000,000,000</u>	<u>300,000</u>	<u>30,000,000,000</u>	<u>300,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>427,334,130</u>	<u>4,273</u>	<u>2,363,341,300</u>	<u>23,633</u>

Notes:

- (i) On 9 June 2010, 1,200,000,000 ordinary shares of HK\$0.01 each was issued at an issue price of HK\$0.05 each for a total cash consideration HK\$60,000,000 through a share placing.
- (ii) By a special resolution dated 8 September 2010, the following capital reorganisation was approved:
 - (a) authorised share capital for ordinary shares of HK\$0.01 each was consolidated on the basis of ten into one from 30,000,000,000 ordinary shares of HK\$0.01 each to 3,000,000,000 ordinary shares of HK\$0.1 each. The issued share capital was consolidated from 3,563,341,300 ordinary shares of HK\$0.01 each to 356,334,130 ordinary shares of HK\$0.1 each.
 - (b) the nominal value of each share was reduced from HK\$0.1 to HK\$0.01 by canceling paid up capital to the extent of HK\$0.09 on each issued share.
 - (c) Authorised share capital was increased from HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 each.
- (iii) On 27 September 2010, 71,000,000 ordinary shares of HK\$0.01 each was issued at an issue price of HK\$0.2 each for a total cash consideration HK\$14,200,000 through a share placing.

12. Share Option Schemes

On 24 September 2001, the shareholders of the Company approved a share option scheme (the "Scheme") under which its board of directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices are as follows for the reporting period presented:

Type of grantee	At 1 April 2010	Granted	Exercised/ Cancelled/ Lapsed	At 30 September 2010	Date of grant	Exercise period of the share options	Exercise price per share HK\$
Employees							
- In aggregate	399,980	-	(399,980)	-	5-May-08	5/5/2008 - 4/5/2010	0.283*
	<u>399,980</u>	<u>-</u>	<u>(399,980)</u>	<u>-</u>			

* *This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of bonus issue on 9 November 2009*

No option was granted during the period ended 30 September 2010. 399,980 options lapsed during the period ended 30 September 2009.

The fair values of options granted were determined using the Black-Scholes valuation model.

In total, HK\$37,000 of employee compensation expense has been included in the consolidated income statement for the period ended 30 September 2010 (2009: HK\$578,000), the corresponding amount of which has been credited to share option reserve. No liabilities were recognised due to share-based payment transactions.

13. Commitments

(i) Operating lease commitments

As at 30 September 2010, the Group's total future minimum lease payments under non-cancelable operating leases are payable as follows:

	As at 30 September 2010 (Unaudited) HK\$'000	As at 31 March 2010 (Audited) HK\$'000
Within one year	11,310	15,224
In the second to fifth years inclusive	7,167	5,364
	<u>18,477</u>	<u>20,588</u>

At 30 September 2010, the Group's total future minimum lease receipts under non-cancellable operating leases were receivable as follows:

	As at 30 September 2010 (Unaudited) HK\$'000	As at 31 March 2010 (Audited) HK\$'000
Within one year	514	405
In the second to fifth year, inclusive	446	81
	<u>960</u>	<u>486</u>

(ii) Capital commitments contracted for

The Group did not have any significant capital commitments at 30 September 2010 (31 March 2010: HK\$1,671,000).

14. Related Parties Transactions

- (i) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	For the three months ended 30 September		For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Rental income	18	18	36	36
Advertising fee paid	-	60	-	120

Notes:

- (a) During three months ended 30 September 2010 and six months ended 30 September 2010, rental income of HK\$18,000 and HK\$36,000 (three months ended 30 September 2009 and six months ended 30 September 2009: rental income of HK\$18,000 and HK\$36,000 respectively) was received from company controlled by Madam Siu York Chee respectively.
- (b) During three months ended 30 September 2010 and six months ended 30 September 2010, rental income of HK\$18,000 and HK\$36,000 (three months ended 30 September 2009 and six months ended 30 September 2009: rental income of HK\$18,000 and HK\$36,000 and advertising fee of HK\$60,000 and HK\$120,000 respectively) were paid to/received from a company controlled by Messrs. Shiu Yeuk Yuen and Shiu, Stephen Junior, brother and nephew of Madam Siu York Chee respectively.

- (ii) *Key management compensation*

	For the three months ended 30 September		For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Short term employee benefits	2,989	2,857	6,939	5,541
Other long term benefits	14	17	27	33
	3,003	2,874	6,966	5,574

- (iii) At 30 September 2010, certain financial assets, including Held-to-maturity investments of HK\$1,854,000 (at 31 March 2010: HK\$2,034,000) and Cash and cash equivalents of HK\$2,562,000 (at 31 March 2010: HK\$1,789,000) which are held by certain directors of the Company on trust for the Group, are included in "Held-to-maturity investments" and "Cash and cash equivalents" respectively in the consolidated statement of financial position.

15. Events after Reporting Period

Save as disclosed elsewhere in these consolidated financial statements, subsequent to the reporting period, the Group had the following material events:-

- (i) On 15 January 2010, the Company entered into a memorandum of understanding (“MOU”) in respect of a possible acquisition with a third party in which to acquire a mining company at an indication aggregate consideration not exceeding of HK\$227,000,000.

On 4 October 2010, the Company has issued a written notice to the Vendor to terminate the MOU (as supplemented by the Supplemental MOU) and the Company will not proceed further in connection with the Possible Acquisition.

- (ii) On 24 April 2010, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with a third party to acquire a property located in Hong Kong at a total cash consideration of HK\$51,000,000. The acquisition was completed on 29 October 2010.
- (iii) On 13 August 2010, the Board proposed to change the name of Company to “Unlimited Creativity Holdings Limited 無限創意控股有限公司”. The resolution to approve the change of the name of Company was duly passed by the Shareholders at the Special General Meeting held on 13 October 2010.
- (iv) On 31 August 2010, a direct wholly-owned subsidiary of the Company, entered into an agreement to dispose 100% of some of its subsidiaries which are principally operating the Group’s beauty salon business in Hong Kong, Shenzhen, PRC and Guangzhou, PRC at consideration of HK\$4,380,000. The disposal was completed on 29 October 2010.
- (v) On 8 October 2010, a direct wholly-owned subsidiary of the Company, entered into an agreement to dispose 100% interest of a wholly-owned subsidiary, together with the shareholder’s loan, at aggregate consideration of approximately HK\$12,560,000. The disposal was completed on 8 October 2010.

16. Comparative Figures

Certain comparative figures have been re-stated to conform with this year’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the six months ended 30 September 2010 was approximately HK\$44 million, representing a decrease of approximately 36% when compared with the same period last year. Loss attributable to equity holders of the Company for the period was approximately HK\$10 million.

Beauty Services and Sale of Beauty Products

Turnover for beauty services and sale of beauty products for the period was approximately HK\$19 million, representing a decrease of approximately 52% when compared with the same period last year.

The market condition of beauty services in Hong Kong is adverse. It's our objective to streamline this loss making business and focus on the beauty services in Macau and other business sectors which generate more income to the Group.

Clinical Services

Turnover from this segment during the period was approximately HK\$25 million, representing a decrease of approximately 14% when compared with the same period last year.

During the period under review, we aimed at scaling down the loss-making centers and reallocate the resources to the profit-making centers. As a result, even though the turnover from this segment decreased, a profit of HK\$2 million was recorded.

Property Investment

In line with the upward properties market in Hong Kong, our rental income increased by 13% when compared with the same period last year.

Investment in financial instruments and quoted shares

As a result of the recovery of the stock market in the quarter ended 30 September 2010, this segment generated a gross income of approximately HK\$8 million during the six months ended 30 September 2010.

Money Lending

As more resources have been put in this business segment, there is a substantial increase in revenue from this area. It is believed that this segment will bring us a favourable profit in the coming future.

Prospect

In August 2010, a Sales & Purchase Agreement has been entered with an independent third party to dispose our subsidiaries which are engaged in the provision of beauty services and clinical services in Hong Kong and PRC. The said disposal was completed in October 2010. This is in line with our business strategy to get rid of those centers with unsatisfactory performance and reallocate the financial resources to the profitable areas.

In order to signify the Company's new business development direction following the above-mentioned disposal, the Board proposed to change the name of Company to "Unlimited Creativity Holdings Limited 無限創意控股有限公司". The resolution to approve the change of the name of Company was duly passed by the Shareholders at the Special General Meeting held on 13 October 2010.

The Group will continue to look for new business opportunities to broaden its business scope whenever conditions justify.

Liquidity and Financial Resources

The Group generally financed its operations with internally generated cash flows. As at 30 September 2010, the Group had cash and cash equivalents of approximately HK\$36 million. (31 March 2010: HK\$31 million).

As at 30 September 2010, because of utilization of IPO-margin loan for over HK\$59 million, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising IPO-margin loan, bank loans, if any, and amount due to non-controlling interests) over total assets, increased to 22% (31 March 2010: 6%).

Charges on Group Asset

As at 30 September 2010, the Group pledged its bank deposits of approximately HK\$1 million (31 March 2010: HK\$1 million) represented guaranteed deposit place in a bank in Hong Kong to secure the credit card processing transaction facility granted by the bank.

Treasury Policies

Cash and bank deposits of the Group are mainly in HK dollars or RMB.

Since most of the transactions of the Group are denominated in Hong Kong dollars and RMB, no hedging or other arrangements to reduce the currency risk have been implemented.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2010.

Employees

As at 30 September 2010, the Group employed 247 (at 31 March 2010: 293) employees in Hong Kong, Macau and PRC. The Company's remuneration packages are generally structured with reference to market terms and individual merit.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

(i) Interests and Short positions of the Directors or Chief Executives in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 September 2010, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Long positions

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Approximate percentage to the issued share capital of the Company as at	
						Total	30 September 2010
Ms. Siu York Chee	Beneficiary owner and family interests	40,643	143 (note 3)	-	770,558 (notes 1 and 2)	811,344	0.19%
Mr. Leung Kwok Kui	Beneficiary owner and family interests	143	811,201 (note 3)	-	-	811,344	0.19%

Notes:

1. Heavenly Blaze Limited is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, nephew of Ms. Siu York Chee (being the executive Directors); (ii) 34% by Mr. Shiu Yeuk Yuen, younger brother of Ms. Siu York Chee, and Ms. Siu York Chee together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, nieces of Ms. Siu York Chee; (iii) 16% by Ms. Shiu Ting Yan, Denise, niece of Ms. Siu York Chee; (iv) 1% by Mr. Cheng Jut Si; and (v) 3% by One Dollar Productions Limited which is beneficially owned as to 25% by Mr. Shiu Stephen Junior; and 75% by Ms. Hau Lai Mei, the step-mother of Mr. Shiu Stephen Junior.
2. Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.
3. Mr. Leung Kwok Kui, the executive Director, is the spouse of Ms. Siu York Chee.

Save as disclosed above, as at 30 September 2010, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Interests and Short Positions of Substantial Shareholders in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

Interests in the Shares and underlying shares

Long positions

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate
							percentage to the issued share capital of the Company as at 30 September 2010
Mr. Shiu Yeuk Yuen	Beneficiary owner, Interested held by controlled corporation and family interests	10,072,000	11,427,670 <i>(note 1)</i>	-	770,558 <i>(note 2)</i>	22,270,228	5.21%
Ms. Hau Lai Mei	Beneficiary owner and family interests	11,427,670	10,842,558 <i>(note 1)</i>	-	-	22,270,228	5.21%

Notes:

1. Ms. Hau Lai Mei is the spouse of Mr. Shiu Yeuk Yuen.
2. Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.

Save as disclosed above, as at 30 September 2010, the Directors were not aware of any other person who had an interests or short position in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTEREST

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Required Standard of Dealings throughout the six months ended 30 September 2010.

APPOINTMENT OF PROFESSIONAL ADVISER AND COMPLIANCE ADVISER

Reference is made to the press release published by the GEM Listing Committee of the Stock Exchange to the Company on 19 January 2009 regarding the breaches of the GEM Listing Rules by the Company.

The Company has admitted breaching Rules 17.56, 19.34, 19.37, 19.38 and 19.40 of the GEM Listing Rules. Accordingly, against the facts and circumstances outlined and the admitted breaches, the Stock Exchange criticised the Company for its breaches of Rules 17.56, 19.34, 19.37, 19.38 and 19.40 of the GEM Listing Rules.

The Stock Exchange, having regard to the compliance history of the Company and the number and frequency of further breaches, (i) directs that the Company appoints a professional adviser to conduct a thorough review of and make recommendations to improve the Company's internal control and compliance systems to ensure the Company's GEM Listing Rules compliance including in particular the internal controls for compliance with Chapter 19 of the GEM Listing Rules; and (ii) directs the Company to appoint a compliance adviser for consultation on compliance matters including the GEM Listing Rules compliance and corporate governance matters on an ongoing basis for a duration of two years.

In this regard, the board of directors of the Company has appointed Guangdong Securities Limited as its professional adviser and compliance adviser for a term of two years with effect from 16 February 2009 to 15 February 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As updated and notified by the Company's compliance adviser, Guangdong Securities Limited (the "Compliance Adviser"), none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2010 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 10 February 2009 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's compliance adviser for the period from 16 February 2009 to 15 February 2011 or until the agreement is terminated in accordance with the terms and conditions set out therein.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the Code) contained in Appendix 15 of the GEM Listing Rules throughout the Period, save for the deviations discussed below.

Chairperson and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairperson and Chief Executive Officer should be separated and should not be performed by the same individual.

Ms. Siu York Chee, Doreen is the Chairperson and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairperson and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The audit committee (the "Committee") comprises three independent non-executive Directors, namely Mr. Hung Anckes Yau Keung, Dr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung, Walter. Mr. Hung Anckes Yau Keung is also the chairman of the audit committee of the board of Directors. The primary duties of the Committee are to review the Company's annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advice and comments thereon to the board of Directors. The Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The Committee has reviewed the draft of this report and has provided advice and comments thereon.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the members of the Group purchased, sold or redeemed any of the Group's listed securities during the period from 1 April 2010 to 30 September 2010.

LIST OF DIRECTORS

Ms. Siu York Chee, Doreen	-	Executive Director
Mr. Leung Kwok Kui	-	Executive Director
Ms. Leung Ge Yau	-	Executive Director
Mr. Hung Anckes Yau Keung	-	Independent Non-Executive Director
Dr. Siu Yim Kwan, Sidney	-	Independent Non-Executive Director
Mr. Tsui Pui Hung, Walter	-	Independent Non-Executive Director

By order of the Board
B.A.L. Holdings Limited
Siu York Chee
Chairperson

Hong Kong, 11 November 2010