



Interim Report

For the six months ended 30 April 2009

2009

B.A.L.

B.A.L. Holdings Limited

(Continued into Bermuda with limited liability)
(Stock Code : 8079)

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This report, for which the directors (the “Directors”) of B.A.L. Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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HIGHLIGHTS

- Turnover for the six months ended 30 April 2009 was approximately HK\$64 million (2008: HK\$182 million) representing a decrease of approximately 65%, as compared with the corresponding period in 2008.
- Loss for the six months ended 30 April 2009 was approximately HK\$17 million (2008: loss HK\$8.5 million).
- As at 30 April 2009, B.A.L. Holdings Limited and its subsidiaries had cash and bank balance of approximately HK\$28 million (31 October 2008: HK\$46 million).
- The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 April 2009.

INTERIM RESULTS (UNAUDITED)

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 April 2009, together with the comparative unaudited figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30 April		For the six months ended 30 April	
		2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Revenue	2	29,594	123,627	64,188	181,698
Cost of sales		(6,009)	(89,923)	(11,399)	(108,850)
Gross profit		23,585	33,704	52,789	72,848
Other revenue and gains	2	1,104	1,946	2,537	3,220
Servicing, selling and distribution costs		(23,680)	(28,601)	(49,383)	(57,536)
Administrative expenses		(9,430)	(12,919)	(19,524)	(27,179)
Other operating expenses		(141)	(146)	(3,302)	(1,429)
Operating loss	4	(8,562)	(6,016)	(16,883)	(10,076)
Finance costs		(72)	(446)	(152)	(757)
Share of result of an associate		-	1,209	-	2,431
Loss before income tax		(8,634)	(5,253)	(17,035)	(8,402)
Income tax expense	5	-	-	-	-
Loss for the period		(8,634)	(5,253)	(17,035)	(8,402)
Attributable to:					
Equity holders of the Company		(8,601)	(5,120)	(17,035)	(8,455)
Minority interests		(33)	(133)	-	53
Loss for the period		(8,634)	(5,253)	(17,035)	(8,402)
Loss per share for loss attributable to the equity holders of the Company during the period			(Restated)		(Restated)
- Basic	7	21 cents	20.2 cents	41.6 cents	33.3 cents
- Diluted	7	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 April 2009 HK\$'000	(Audited) As at 31 October 2008 HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	28,826	33,158
Investment properties		11,720	11,820
Intangible assets		4,528	4,528
Interests in an associate		9,594	5,994
Held-to-maturity investments		708	708
Deposits and other receivables		5,809	6,567
Restricted bank deposits		449	449
Deferred tax assets		1,704	1,704
		63,338	64,928
Current assets			
Intangible assets		500	1,500
Inventories		2,079	2,307
Trade receivables	9	18,982	21,121
Prepayments, deposits and other receivables		31,622	30,910
Financial assets at fair value through profit or loss		16,046	13,397
Held-to-maturity investments		79	79
Available-for-sale financial assets		3,078	3,025
Derivative financial instruments		2,884	2,746
Amounts due from related companies		1,647	2,038
Restricted bank deposits		237	3,573
Cash and cash equivalents		28,225	46,177
Tax recoverable		6	6
		105,385	126,879
Current liabilities			
Trade payables	10	224	190
Accruals, receipts in advance and other payables		16,580	18,786
Amount due to an associate		-	-
Amounts due to minority interests		1,077	1,077
Derivative financial instruments		143	5,671
Borrowings		1,201	1,431
Provision for tax		3,570	3,570
		22,795	30,725
Net current assets		82,590	96,154
Total assets less current liabilities		145,928	161,082
Non-current liabilities			
Borrowings		8,756	10,973
Derivative financial instruments		1,068	1,230
Deposits		212	212
Deferred tax liabilities		109	109
		10,145	12,524
Net assets		135,783	148,558
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	11	741	8,522
Reserves		134,575	139,569
		135,316	148,091
Minority interests		467	467
Total equity		135,783	148,558

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 April 2009

	Equity attributable to the equity holders of the Company									Minority interests	Total equity	
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Retained profits/ (accumulated losses)	Capital reserves	Investment revaluation reserve	Share option reserve	Contributed surplus			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 1 November 2006	46,444	39,996	278	17	(34,449)	28,327	(192)	927	-	81,348	254	81,602
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	11	-	-	11	-	11
Profit for the year	-	-	-	-	15,931	-	-	-	-	15,931	587	16,518
Total recognised income and expense for the year	-	-	-	-	15,931	-	11	-	-	15,942	587	16,529
Realisation of fair value changes of available-for-sale financial assets on disposals	-	-	-	-	-	-	192	-	-	192	-	192
Equity-settled share option arrangement	-	-	-	-	-	-	-	646	-	646	-	646
Arising from acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(855)	(855)
Capital contributed by minority shareholders	-	-	-	-	-	-	-	-	-	-	14	14
Proceeds from shares issued	34,740	40,791	-	-	-	-	-	-	-	75,531	-	75,531
Proceeds from exercise of share options	200	546	-	-	-	-	-	-	-	746	-	746
Bonus issue	13,577	(13,577)	-	-	-	-	-	-	-	-	-	-
Share premium cancellation	-	(48,168)	-	-	48,168	-	-	-	-	-	-	-
At 31 October 2007 and 1 November 2007	94,961	19,588	278	17	29,650	28,327	11	1,573	-	174,405	-	174,405
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(2,179)	-	-	(2,179)	-	(2,179)
Loss for the year	-	-	-	-	(77,371)	-	-	-	-	(77,371)	(350)	(77,721)
Total recognised income and expense for the year	-	-	-	-	(77,371)	-	(2,179)	-	-	(79,550)	(350)	(79,900)
Arising from partial disposals of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	817	817
Realisation of fair value changes of available-for-sale financial assets on disposals	-	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Equity-settled share option arrangement	-	-	-	-	-	-	-	1,655	-	1,655	-	1,655
Rights issue	47,480	(1,417)	-	-	-	-	-	-	-	46,033	-	46,033
Allotment of shares	1,400	4,159	-	-	-	-	-	-	-	5,559	-	5,559
Capital reduction	(135,319)	-	-	-	-	-	-	-	135,319	-	-	-
At 31 October 2008	8,522	22,300	278	17	(47,721)	28,327	(2,179)	3,228	135,319	148,091	467	148,558
Equity-settled share option arrangement	-	-	-	-	-	-	-	720	-	720	-	720
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	52	-	-	52	-	52
Allotment of shares	400	3,088	-	-	-	-	-	-	-	3,488	-	3,488
Capital reorganization	(8,181)	-	-	-	-	-	-	-	8,181	-	-	-
Loss for the period	-	-	-	-	(17,035)	-	-	-	-	(17,035)	-	(17,035)
At 30 April 2009	741	25,388	278	17	(64,756)	28,327	(2,127)	3,948	143,500	135,316	467	135,783

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months	
	ended 30 April	
	2009	2008
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	(12,459)	(18,016)
Net cash from/(utilized in) investing activities	(9,718)	(23,636)
Net cash from/ (used) before financing activities	(22,177)	(41,652)
Net cash from/(utilized in) financing activities	4,225	58,956
Net increase/(decrease) in cash and cash equivalent	(17,952)	17,304
Cash and cash equivalents at beginning of period	46,177	15,873
Cash and Cash equivalents at the end of period	28,225	33,177

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 financial statements have been prepared on the historical cost basis except for the investment properties, certain financial instruments classified as available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments which are stated at fair values. The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 April 2009 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 October 2008. The accounts are unaudited but have been reviewed by the Company's audit committee.

2. Revenue and other revenue and gains

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

	2009	2008
	HK\$'000	HK\$'000
Revenue		
Beauty services and sale of beauty products	38,163	44,442
Clinical services	25,758	26,679
Tuition fees of beauty courses	-	280
Rental income from investment properties	267	220
Sale of properties held for resale	-	110,077
	64,188	181,698

	For the three months ended 30 April		For the six months ended 30 April	
	2009 (unaudited)	2008 (unaudited)	2009 (unaudited)	2008 (unaudited)
	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Other revenue and gains				
Franchise fee income	140	25	140	205
Interest income	221	498	277	890
Loan interest income	336	121	681	121
Rental income from sublet of office premises	263	165	498	464
Dividend income from listed investments	82	42	385	110
Gain on disposal of interest in subsidiary	-	615	-	615
Others	62	480	556	815
	1,104	1,946	2,537	3,220

3. Segment Information

(a) Primary reporting format — business segments

	2009					
	Beauty services and sale of beauty products HK\$'000	Clinical services HK\$'000	Beauty courses HK\$'000	Property investment HK\$'000	Securities investment HK\$'000	Total HK\$'000
Segment revenue:						
Revenue from external customers	38,163	25,758	-	-	-	63,921
Other revenue	-	-	-	267	398	665
	<u>38,163</u>	<u>25,758</u>	<u>-</u>	<u>267</u>	<u>398</u>	<u>64,586</u>
Segment results	<u>(12,022)</u>	<u>(42)</u>	<u>-</u>	<u>23</u>	<u>2,440</u>	<u>(9,601)</u>
Unallocated income						1,875
Unallocated expenses						(9,157)
Operating loss						(16,883)
Finance costs						(152)
Share of results of associates						-
Loss before income tax						(17,035)
Income tax expense						-
Loss for the period						<u>(17,035)</u>
	2008					
	Beauty services and sale of beauty products HK\$'000 (Restated)	Clinical services HK\$'000	Beauty courses HK\$'000	Property investment HK\$'000 (Restated)	Securities investment HK\$'000	Total HK\$'000 (Restated)
Segment revenue:						
Revenue from external customers	44,442	26,679	280	110,077	-	181,478
Other revenue	-	-	-	220	772	912
	<u>44,442</u>	<u>26,679</u>	<u>280</u>	<u>110,297</u>	<u>772</u>	<u>182,390</u>
Segment results	<u>(11,985)</u>	<u>(1,503)</u>	<u>(717)</u>	<u>12,869</u>	<u>(1,045)</u>	<u>(2,381)</u>
Unallocated income						1,605
Unallocated expenses						(9,300)
Operating loss						(10,076)
Finance costs						(757)
Share of results of associates						2,431
Loss before income tax						(8,402)
Income tax expense						-
Loss for the period						<u>(8,402)</u>

(b) Secondary reporting format-geographical segment

	(Unaudited)			
	For the six months ended 30 April			
	2009		2008	
	Segment Turnover	Contribution to operating profit	Segment Turnover	Contribution to operating profit
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hong Kong	47,890	(14,902)	168,594	(10,121)
China	9,463	(1,986)	9,412	28
Macau	6,835	5	3,692	17
	64,188	(16,883)	181,698	(10,076)

4. **Loss before taxation**

Loss before taxation is stated after crediting and charging the following:

	For the three months ended 30 April		For the six months ended 30 April	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Crediting:				
Other income	1,104	1,946	2,537	3,220
Charging:				
Cost of inventories sold (excluding provision for slowing-moving inventory for the period)	419	639	928	1,755
Auditors' remuneration	100	233	200	465
Depreciation				
Owned assets	2,880	3,399	5,670	6,559
Asset held under hire purchase contracts	73	-	146	-
Operating lease rentals in respect of land and buildings	4,005	4,193	8,000	8,285
Exchange Loss	37	65	92	135
Interest expenses on borrowings	72	446	152	757

5. **Taxation**

Income tax has not been provided as the Group did not generate any assessable profits during the six months ended 30 April 2009 (2008: HK\$Nil).

6. **Interim dividend**

The directors do not recommend the payment of an interim dividend for the period (2008: HK\$Nil).

7. Earnings Per Share

(a) Basic

The calculation of basic loss per share for the three months and six months ended 30 April 2009 is based on the loss attributable to shareholders of approximately HK\$8,601,000 and HK\$17,035,000 respectively (loss for the three months and six months ended 30 April 2008: approximately HK\$5,120,000 and HK\$8,455,000 respectively) and the weighted average number of 40,939,088 ordinary shares in issue during the period (three months and six months ended 30 April 2008: 25,357,679 (restated) shares in issue).

(b) Diluted

Diluted loss per share for the quarter ended 30 April 2009 was not presented because the impact of the exercise of the share options was anti-dilutive.

8. Fixed assets

	As at 30 April 2009 (Unaudited) HK\$'000	As at 31 October 2008 (Audited) HK\$'000
At beginning of the period	33,158	34,365
Additions	3,278	12,543
Disposals	(1,794)	(843)
Depreciation charge	(5,816)	(12,907)
	<u>28,826</u>	<u>33,158</u>

9. Trade Receivables

The ageing analysis of trade receivables is as follows:

	2009 HK\$'000	2008 HK\$'000
Neither past due nor impaired	6,230	10,592
Within three months past due	4,433	4,276
Over three months but within six months past due	2,479	9,702
Over six months but within one year past due	5,840	7,494
Over one year past due	-	-
	<u>18,982</u>	<u>32,064</u>

10. Trade Payables

	As at 30 April 2009 (Unaudited) HK\$'000	As at 31 October 2008 (Audited) HK\$'000
Within three months	224	190
Over three months but within six months	-	-
Over six months	-	-
	<u>224</u>	<u>190</u>

11. Issued capital

	2009		2008	
	No. of shares	HK\$'000	No. of shares	HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	<u>30,000,000,000</u>	<u>300,000</u>	<u>1,500,000,000</u>	<u>300,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each	<u>74,088,260</u>	<u>741</u>	<u>712,206,405</u>	<u>142,441</u>

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 31 October 2008	Granted	Adjustments ^a	Exercised/ Cancelled/ Lapsed	At 30 April 2009	Date of grant	Exercise period of the share options	Exercise price per share HK\$
Employees								
- In aggregate	619,516	-	-	(619,516)	-	20-Jun-05	22/6/05 - 21/12/08	2.7295
- In aggregate	379,296	-	(303,437)	(75,859)	-	27-Feb-07	27/2/07 - 26/2/09	14.2375*
- In aggregate	1,399,180	-	(1,119,344)	-	279,836	27-Sep-07	27/9/07 - 26/9/09	6.5500*
- In aggregate	1,424,412	-	(1,139,530)	-	284,882	1-Feb-08	6/2/2008 - 5/2/2010	5.0000*
- In aggregate	3,400,000	-	(2,719,985)	(19)	679,996	5-May-08	5/5/2008 - 4/5/2010	1.4150*
	<u>7,222,404</u>	-	<u>(5,282,296)</u>	<u>(695,394)</u>	<u>1,244,714</u>			
Other eligible person								
- In aggregate	126,432	-	(101,146)	(25,286)	-	14-Mar-07	14/3/07 - 13/3/09	21.7550*
- In aggregate	263,400	-	(210,720)	-	52,680	4-Oct-07	17/10/07 - 16/10/09	6.6450*
	<u>7,612,236</u>	-	<u>(5,594,162)</u>	<u>(720,680)</u>	<u>1,297,394</u>			

* This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of share consolidation on 15 January 2009

No option was granted during the period ended 30 April 2009. 19 options were exercised and 720,661 options lapsed during the period ended 30 April 2009.

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

In total, HK\$720,000 of employee compensation expense has been included in the consolidated income statement for the period ended 30 April 2009 (2008: HK\$715,000), the corresponding amount of which has been credited to share option reserve. No liabilities were recognised due to share-based payment transactions.

13. Contingent liabilities

As at 30 April 2009, the Company has given corporate guarantees to third parties for securing a tenancy agreement, mortgage loans, and an advertising contract of subsidiary Companies.

Apart from the above, the Group and the Company had no other material contingent liabilities as at 30 April 2009 and up to the date of approval of the unaudited condensed consolidated results of the Group for the six months ended 30 April 2009.

14. Commitments

(i) Operating lease commitments

As at 30 April 2009, the total future minimum lease payments under non-cancelable operating leases are payable as follows:

	As at 30 April 2009 (Unaudited) HK\$'000	As at 31 October 2008 (Audited) HK\$'000
Within one year	16,374	13,289
In the second to fifth years inclusive	16,976	11,036
	33,350	24,325

At 30 April 2009, the Group's total future minimum lease receipts under non-cancellable operating leases were receivable as follows:

	As at 30 April 2009 (Unaudited) HK\$'000	As at 31 October 2008 (Audited) HK\$'000
Within one year	736	592
In the second to fifth year, inclusive	613	433
	1,349	1,025

(ii) Capital commitments contracted for

The Group did not have any significant capital commitments at 30 April 2009.

15. Convertible notes

Convertible notes of the Group (the “Notes”) were issued on 18 January 2008 (the “Issue Date”). The Notes were convertible into 45,454,545 ordinary shares of the Company at a price of HK\$0.22 (subject to the usual anti-dilution adjustments on capital structure changes) at the Issue Date with zero coupon and will be matured on 18 January 2010 (“Maturity Date”). The Notes are convertible into ordinary shares of the Company at any time between the Issue Date of the Notes and the Maturity Date. The noteholder may exercise up to the maximum principal amount of HK\$5,000,000 at the end of the twelve month from the Issue Date. The Notes may be redeemed at the option of the Company on any business day prior to the Maturity Date by giving not less than seven business days prior written notice to the noteholder. Unless previously converted or redeemed, the Company will redeem the Notes on Maturity Date.

During the year 2008, the Notes were issued to the Doctor in accordance with the Service Agreement to exchange for 5-year services to the Group. If the Doctor has converted the Notes into shares of the Company or the Company has redeemed the Notes before or at the Maturity Date but he terminates his services at anytime during 5 years after the Service Agreement becomes effective, he has to refund the principal amount of the Notes to the Group.

On 18 December 2008, the Company has requested for early redemption of half of the convertible notes of the Company, representing principal amount of HK\$5,000,000, for a consideration of HK\$5,000,000 from the noteholder and the noteholder has agreed for the early redemption. The redemption process was completed on 19 January 2009.

16. Comparative Figures

Certain comparative figures have been re-classified to conform with this year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the effect of the “Financial Tsunami” is prominent. Turnover for the first half year was about HK\$64 million, representing a drop by about 65% when compared with the same period last year. Loss attributable to equity holders of the Company for the period was approximately HK\$17 million. The sale of properties held for resale contributed gross earnings of approximately HK\$12 million last year. The Group did not sell any properties for the period under review and therefore resulting in the significant drop in turnover and increase in loss.

Beauty Services and Sale of Beauty Products

The Group’s turnover for beauty services and sale of beauty products for the period under review was approximately HK\$38 million, representing a drop of approximately 14% when compared with the same period last year.

Competitions within this industry are still keen and favorable gross profit margin is difficult to maintain.

The recent relocation of our Tsimshatsui beauty service centre from Humphreys Avenue to the basement of Holiday Inn Golden Mile, 46-52 Nathan Road, provided an expanded floor area of approximately 10,000 square feet. The rental is significantly reduced from HK\$28 to HK\$21 per square foot.

Clinical Services

Turnover from this segment for the period under review was approximately HK\$26 million, representing a decrease of approximately 3.5% comparing with the corresponding period last year.

Beauty Courses

Subsequent to the closure of beauty course training centre in 2008, there was no turnover for this segment for the period.

Sale of properties held for resale

After the various disposals in the first three quarters of 2008, the Group has not disposed any properties for the period under review and therefore there was no turnover for this segment. However, our investment properties are still providing steady rental income to the Group during the period.

Investment in financial instruments and quoted shares

As a result of the recent recovery of the investment market, the operating result of this segment contributed profits of approximately HK\$2.4 million, (including positive adjustments of the market price of financial instruments and securities on hand) during the period under review.

Outlook

Despite the influence of the “Financial Tsunami”, the Group is financially strong. We are confident that the business of the Group would improve when the economy gradually recovers. Meanwhile, we will also continue to look for new business opportunities.

Future plans and prospects

The Group will be seeking new business opportunities to broaden our business scope in the coming year.

As at 30 April 2009, the Group has been operating nine beauty services centres/direct sales centres in Hong Kong, Macau and China; eight medical clinics and one warehouse in Hong Kong.

Capital structure, liquidity and financial resources

By an Extraordinary General Meeting dated 14 January, 2009, 170,441,300 ordinary shares of HK\$0.05 each were consolidated on the basis of five to one and the nominal value of all the issued consolidated shares of the Company will reduce from HK\$0.25 each to HK\$0.01 each were approved. After completion of the share consolidation and capital re-organisation, the authorized share capital of the Company remains at HK\$300,000,000 but divided into 30,000,000,000 shares of HK\$0.01 each. Issued capital was reduced to HK\$340,883 divided into 34,088,260 shares of HK\$0.01 each.

On 31 March, 2009, 40,000,000 top-up placing and subscription at subscription price of HK\$0.09 per share were allotted. After the completion of the top-up placing, the issued capital of the Company was increased to HK\$740,883 divided into 74,088,260 shares of HK\$0.01 each.

The Group financed its operations by shareholders’ equity, cash generated from operations, and borrowings.

As at 30 April, 2009, the Group’s current assets and current liabilities were approximately HK\$105 million (31 October, 2008: HK\$127 million) and HK\$23 million (31 October, 2008: HK\$31 million) respectively. Non-current liabilities were approximately HK\$10 million (31 October, 2008: HK\$13 million). Cash and cash equivalents amounted to approximately HK\$28 million. (31 October, 2008: HK\$46 million)

As at 30 April, 2009, the Group’s total borrowings amounted to approximately HK\$10 million. (31 October, 2008: HK\$12 million)

Charges on Group Asset

As at 30 April, 2009, the Group's borrowings-mainly bank loans, were secured by the charges over the Group's entire investment properties and corporate guarantees executed by the Company. The Group's entire bank loans are denominated in Hong Kong Dollars, bearing floating interest rate of 2.45% per annum at 30 April, 2009.

Hedging

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

Gearing ratio

As at 30 April 2009, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising Bank loans and amount due to minority interests) over total assets, was approximately 6.5%.

Future plans for material investments or capital assets

As at 30 April 2009, the Group had no future plans for material investments or capital assets.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2009.

Contingent liabilities

Details of the contingent liabilities are set out in note 13.

Employees

As at 30 April 2009, the Group employed 358 employees in Hong Kong, Macau and China. 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

As at 30 April 2009, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were 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 have 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 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the HKSE, were as follows:

(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 April 2009, 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:

(a) Interests in 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 April 2009
Ms. Siu York Chee	Beneficiary owner and family interests	81,286	286	-	13,941,116 (Notes 1 and 2)	14,022,688	18.92%
Mr. Leung Kwok Kui	Beneficiary owner and family interests	286	14,022,402 (Note 3)	-	-	14,022,688	18.92%

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.

(b) Interests in convertible loan notes

Name	Type of interests	Number of underlying Shares held	Approximate percentage of the underlying Shares to the issued share capital of the Company as at 30 April 2009
Mr. Ho Wai Sun <i>(Note)</i>	Personal	909,090	1.23%

Note: Mr. Ho was issued with convertible loan notes on 18 January 2008 with a principal amount of HK\$10,000,000 at an adjusted conversion price of HK\$5.50 per Share (the “Convertible Notes”). On 18 December 2008, the Company has requested for early redemption of half of the convertible notes of the Company, representing principal amount of HK\$5,000,000, for a consideration of HK\$5,000,000 from the noteholder and the noteholder has agreed for the early redemption. The redemption process was completed on 19 January 2009. As at 30 April 2009, HK\$5,000,000 of the Convertible Notes remain outstanding. Upon full conversion of the Convertible Notes, a maximum of 909,090 Shares will be issued to Mr. Ho. The Company has 74,088,260 Shares in issue as at 30 April 2009.

(c) *Interests in shares option*

Name	Type of interests	Outstanding shares option as at 30 April 2009	Approximate percentage of the underlying Shares to the issued share capital of the Company as at 30 April 2009
Mr. Ho Wai Sun (<i>Note</i>)	Personal	284,882	0.38%

Note: Mr. Ho was issued with the shares option on 1 February 2008 at an adjusted subscription price of HK\$5.00 per Share.

Save as disclosed above, as at 30 April 2009, 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	Shares Option/ Underlying Shares	Total	Approximate
								percentage to the issued share capital of the Company as at 30 April 2009
Heavenly Blaze Limited	Beneficiary owner	-	-	13,941,116 (note 1)	-	-	13,941,116	18.81%
Mr. Shiu Stephen Junior	Beneficiary owner and Interested held by controlled corporation	3,400	-	13,941,116 (note 1)	-	-	13,944,516	18.82%
Mr. Shiu Yeuk Yuen	Beneficiary owner, Interested held by controlled corporation and family interests	500,000	3,720,489 (note 1)	-	13,941,116 (note 2)	-	18,161,605	24.51%
Ms. Hau Lai Mei	Beneficiary owner and family interests	3,615,340	14,441,116 (note 1)	-	-	105,149	18,161,605	24.51%

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.

Save as disclosed above, as at 30 April 2009, 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 quarter ended 30 April 2009.

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 appoint 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 April 2009 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 November 2008 to 30 April 2009.

COMPETING INTERESTS

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.

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 June 2009