B. A. L. HOLDINGS LIMITED
變靚D控股有限公司

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

FINAL RESULTS FOR THE YEAR ENDED 31ST OCTOBER, 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

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The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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This announcement, for which the directors (the "Directors") of B.A.L. Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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:– (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of Directors (the "Board") of B.A.L. Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 October 2008 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 October 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	2	**272,078**	170,822
Cost of sales		**(145,759)**	(28,323)
Gross profit		**126,319**	142,499
Other revenue and gains	2	**6,541**	17,683
Servicing, selling and distribution costs		**(112,053)**	(96,459)
Administrative expenses		**(46,329)**	(37,616)
Other operating expenses		**(55,452)**	(3,773)
Operating (loss)/profit	4	**(80,974)**	22,334
Finance costs		**(991)**	(3,061)
Share of results of jointly controlled entities		**–**	(1,177)
Share of results of associates		**3,884**	1,351
(Loss)/profit before income tax		**(78,081)**	19,447
Income tax credit/(expense)	5	**360**	(2,929)
(Loss)/profit for the year		**(77,721)**	16,518
Attributable to:			
Equity holders of the Company		**(77,371)**	15,931
Minority interests		**(350)**	587
(Loss)/profit for the year		**(77,721)**	16,518
			(Restated)
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year	6		
– Basic		**HK$(2.67)**	HK$1.13
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 October 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33,158**	34,365
Investment properties		**11,820**	1,630
Intangible assets		**4,528**	4,819
Interests in associates		**5,994**	26,351
Held-to-maturity investments		**708**	70
Available-for-sale financial assets		**–**	2,352
Derivative financial instruments		**–**	5,187
Deposits and other receivables		**6,567**	3,653
Restricted bank deposits		**449**	–
Deferred tax assets		**1,704**	547
		64,928	78,974
Current assets			
Intangible assets		**1,500**	–
Inventories		**2,307**	5,117
Trade receivables	8	**21,121**	42,614
Prepayments, deposits and other receivables		**30,910**	139,739
Financial assets at fair value through profit or loss		**13,397**	12,263
Held-to-maturity investments		**79**	–
Available-for-sale financial assets		**3,025**	–
Derivative financial instruments		**2,746**	2,353
Amounts due from related companies		**2,038**	4,154
Restricted bank deposits		**3,573**	–
Cash and cash equivalents		**46,177**	15,873
Tax recoverable		**6**	148
		126,879	222,261
Current liabilities			
Trade payables	9	**190**	577
Accruals, receipts in advance and other payables		**18,786**	21,190
Amount due to an associate		**–**	30
Amounts due to minority interests		**1,077**	1,291
Derivative financial instruments		**5,671**	–
Borrowings		**1,431**	98,768
Provision for tax		**3,570**	4,755
		30,725	126,611
Net current assets		**96,154**	95,650
Total assets less current liabilities		**161,082**	174,624
Non-current liabilities			
Borrowings		**10,973**	–
Derivative financial instruments		**1,230**	–
Deposits		**212**	219
Deferred tax liabilities		**109**	–
		12,524	219
Net assets		**148,558**	174,405
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	10	**8,522**	94,961
Reserves		**139,569**	79,444
		148,091	174,405
Minority interests		**467**	–
Total equity		**148,558**	174,405

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2008

	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*	Total		
	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 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	(1,447)	–	–	–	–	–	–	–	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**

* *These reserve accounts comprise the consolidated reserves of HK$139,569,000 (2007: HK$79,444,000) in the consolidated balance sheet.*

NOTES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which are first effective during the year and relevant to the Group (the "New HKFRSs"). The adoption of the New HKFRSs did not result in significant changes to the Group's accounting policies. As a result of the adoption of HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures", there are additional disclosures provided as follows:

The amendment to HKAS 1 introduces additional disclosure requirements to provide information in each annual financial statements about the level of capital and the Group's objectives, policies and procedures for managing capital.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required under HKAS 32 "Financial Instruments: Disclosure and Presentation".

The amendments to HKFRS 7 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The first-time application of HKAS 1 (Amendment) and HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior periods are required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 (Amendment)	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Items[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Revised)	Share-based Payment – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combination – Comprehensive Revision on Applying the Acquisition Method[2]

HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Interpretation 2 (Amendment)	Members' Shares in Co-operative Entities and Similar Instruments[1]
HK(IFRIC) – Interpretation 12	Service Concession Arrangements[3]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners[2]
Various	Annual improvements to HKFRS 2008

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008

Among these new or amended HKFRSs, HKAS 1 (Revised) "Presentation of Financial Statements" is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduces a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 "Operating Segments" may result in new or amended disclosures. The Directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors of the Company are currently assessing the impact of other new or amended HKFRSs but are not yet in a position to state whether they would have any material financial impact on the Group's financial statements upon initial application.

B. BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of the financial statements have been consistently applied to all the years presented unless otherwise stated.

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.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

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.

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Beauty services and sale of beauty products	**92,965**	99,115
Clinical services	**53,428**	68,224
Tuition fees of beauty courses	**861**	3,476
Rental income from investment properties	**597**	7
Sales of properties held for resale	**124,227**	–
	272,078	170,822
Other revenue and gains		
Dividend income from listed investments	**611**	10
Fair value gains on financial assets at fair value through profit or loss	**–**	13,795
Fair value gains on investment properties	**–**	10
Franchise fee income	**569**	198
Gains on disposals of investment properties	**30**	–
Interest income	**2,450**	998
Management fee income	**–**	240
Net surplus of carrying amounts of net assets acquired over cost of acquisition of additional interests in subsidiaries	**–**	855
Net surplus of sale proceeds over carrying amounts of net assets in subsidiaries disposed of	**683**	–
Rental income from sublet of office premises	**937**	857
Others	**1,261**	720
	6,541	17,683

3. SEGMENT INFORMATION

Primary reporting format – business segments

The Group is organised into five (2007: four) main business segments:

(a) Provision of beauty services and sale of beauty products;

(b) Provision of clinical services;

(c) Operation of beauty courses;

(d) Property investment; and

(e) Securities investment.

There were no inter-segment sales and transfers during the year (2007: Nil).

	2008					
	Beauty services and sale of beauty products *HK$'000*	**Clinical services** *HK$'000*	**Beauty courses** *HK$'000*	**Property investment** *HK$'000*	**Securities investment** *HK$'000*	**Group** *HK$'000*
Segment revenue:						
Revenue from external customers	**92,965**	**53,428**	**861**	**124,824**	**–**	**272,078**
Other revenue	**–**	**–**	**–**	**30**	**1,576**	**1,606**
	92,965	**53,428**	**861**	**124,854**	**1,576**	**273,684**
Segment results	**(31,209)**	**(9,921)**	**(1,176)**	**12,552**	**(34,227)**	**(63,981)**
Unallocated income						**4,935**
Unallocated expenses						**(21,928)**
Operating loss						**(80,974)**
Finance costs						**(991)**
Share of results of associates						**3,884**
Loss before income tax						**(78,081)**
Income tax credit						**360**
Loss for the year						**(77,721)**

	2008					
	Beauty services and sale of beauty products *HK$'000*	**Clinical services** *HK$'000*	**Beauty courses** *HK$'000*	**Property investment** *HK$'000*	**Securities investment** *HK$'000*	**Group** *HK$'000*
Segment assets	**58,792**	**25,593**	**1**	**11,866**	**19,954**	**116,206**
Associate						**5,994**
Unallocated assets						**69,607**
Total assets						**191,807**
Segment liabilities	**11,272**	**6,274**	**30**	**154**	**6,901**	**24,631**
Unallocated liabilities						**18,618**
Total liabilities						**43,249**
Capital expenditure	**6,655**	**5,255**	**–**	**14,367**	**–**	**26,277**
Unallocated portion						**633**
Total capital expenditure						**26,910**
Depreciation and amortisation	**8,223**	**5,535**	**136**	**–**	**–**	**13,894**
Unallocated portion						**513**
Total depreciation and amortisation						**14,407**
Provision for impairment of goodwill	**291**	**–**	**–**	**–**	**–**	**291**
Other non-cash expenses	**6,147**	**2,147**	**6,698**	**2,347**	**35,803**	**53,142**
Unallocated portion						**4,846**
Total other non-cash expenses						**57,988**

	2007					
	Beauty services and sale of beauty products *HK$'000*	Clinical services *HK$'000*	Beauty courses *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000* *(Restated)*	Group *HK$'000* *(Restated)*
Segment revenue:						
Revenue from external customers	99,115	68,224	3,476	7	–	170,822
Other revenue	–	–	–	–	13,795	13,795
	99,115	68,224	3,476	7	13,795	184,617
Segment results	547	19,752	(831)	(35)	13,034	32,467
Unallocated income						3,888
Unallocated expenses						(14,021)
Operating profit						22,334
Finance costs						(3,061)
Share of results of jointly controlled entities	(1,177)					(1,177)
Share of results of an associate						1,351
Profit before income tax						19,447
Income tax expense						(2,929)
Profit for the year						16,518

	2007					
	Beauty services and sale of beauty products *HK$'000*	Clinical services *HK$'000*	Beauty courses *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000* *(Restated)*	Group *HK$'000* *(Restated)*
Segment assets	66,699	38,513	2,298	12,005	104,073	223,588
Associate						26,351
Unallocated assets						51,296
Total assets						301,235
Segment liabilities	9,438	9,040	993	22	–	19,493
Unallocated liabilities						107,337
Total liabilities						126,830
Capital expenditure	11,057	9,858	536	1,620	–	23,071
Unallocated portion						221
Total capital expenditure						23,292
Depreciation	8,256	2,985	244	–	–	11,485
Unallocated portion						305
Total depreciation						11,790
Other non-cash expenses	2,868	575	118	–	–	3,561
Unallocated portion						646
Total other non-cash expenses						4,207

Secondary report format – geographical segments

The Group's operations are located in three main geographical areas. The following table provides an analysis of the Group's sales by geographical market based on the geographical location of customers, irrespective of the origin of the goods and services.

Revenue from external customers by geographical markets:

	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**236,618**	143,017
Macau	**15,454**	12,720
The People's Republic of China, excluding Hong Kong and Macau ("PRC")	**20,006**	15,085
	272,078	170,822

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and investment properties, analysed by the geographical area in which the assets are located.

	Year ended 31 October			
	2008		2007	
	Segment assets	**Capital expenditures**	Segment assets	Capital expenditures
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**135,934**	**23,257**	95,525	11,881
Macau	**9,383**	**3,015**	11,128	3,777
PRC	**18,661**	**638**	13,269	7,420
Unallocated assets	**27,829**	**–**	181,313	214
	191,807	**26,910**	301,235	23,292

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging/(crediting):

	2008	2007
	HK$'000	*HK$'000*
Auditors' remuneration		
Current year	**600**	770
Less: Under provision in prior year	**10**	–
	610	770
Amortisation of intangible assets	**1,500**	–
Cost of inventories recognised as expense	**112,561**	2,057
Depreciation	**12,907**	11,790
Exchange losses	**192**	212
Fair value losses on derivative financial instruments	**11,335**	651
Fair value losses on financial assets at fair value through profit or loss	**24,225**	–
Fair value losses on investment properties	**2,347**	–
Losses on disposals of an associate	**1,241**	–
Losses on disposals of available-for-sale financial assets	**243**	110
Losses on disposals of property, plant and equipment	**79**	1,407
Losses on termination of a jointly controlled entity	**–**	78
Operating lease charges in respect of land and buildings	**16,847**	16,847
Property, plant and equipment written off	**696**	665
Provision for impairment of goodwill	**291**	–
Provision for impairment of other receivables	**1,950**	–
Provision for impairment of trade receivables	**12,595**	650
Rental income net of outgoings in respect of investment properties	**(493)**	(6)
Employee benefit expense (including directors' remuneration)		
Basic salaries and allowances	**60,331**	55,506
Equity-settled share option expense	**1,655**	646
Equity-settled transactions with cash alternative	**1,622**	–
Retirement benefit scheme contributions	**1,876**	2,075
Total employee benefit expense	**65,484**	58,227

5. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2008	2007
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
– Tax for the year	**294**	1,611
– Overprovision in respect of prior years	**(121)**	–
Overseas		
– Tax for the year	**513**	1,587
	686	3,198
Deferred tax		
– Current year	**(1,428)**	(269)
– Underprovision in respect of prior years	**350**	–
– Attributable to reduction in tax rate	**32**	–
	(1,046)	(269)
Total income tax (credit)/expense	**(360)**	2,929

Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
(Loss)/profit before income tax	**(78,081)**	19,447
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(13,804)**	3,242
Tax effect of non-taxable revenue	**(974)**	(442)
Tax effect of non-deductible expenses	**5,721**	1,127
Tax effect of prior years' unrecognised tax losses utilised this year	**(43)**	(511)
Tax effect of unused tax loss not recognised	**6,997**	–
Tax effect of unrecognised deferred tax items	**861**	(493)
Tax effect of recognition of tax loss previously not recognised	**604**	–
Effect on opening deferred tax balances resulting from an reduction in tax rate during the year	**32**	–
Underprovision of deferred tax in prior year	**350**	–
Overprovision in prior years	**(121)**	–
Others	**17**	6
Income tax (credit)/expense	**(360)**	2,929

6. (LOSS)/EARNINGS PER SHARE

(a) Basic

The calculation of basic (loss)/earning per share is based on the loss attributable to equity holders of the Company of HK$77,371,000 (2007: profit of HK$15,931,000) and on the weighted average of 29,016,767 (2007: 14,113,201 (restated)) ordinary shares in issue during the year, as adjusted to reflect the share consolidation during the year, and also the share consolidation after the year end date.

(b) Diluted

The diluted (loss)/earnings per share for both years ended 31 October 2007 and 2008 are not presented as the potential ordinary shares had anti-dilutive effect on (loss)/earnings per share.

7. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 October 2008 (2007: Nil).

8. TRADE RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**34,514**	43,412
Less: Provision for impairment of trade receivables	**(13,393)**	(798)
Trade receivables – net	**21,121**	42,614

The directors of the Company considered that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2008	2007
Renminbi ("RMB")	**RMB2,539,000**	RMB4,655,000
Macao Pataca ("MOP")	**MOP2,088,000**	MOP5,003,000

The Group maintains credit terms of one to three months. Based on the invoice dates, the ageing analysis of the trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within three months	**14,831**	18,479
Over three months but within six months	**4,348**	8,296
Over six months and within one year	**1,942**	13,920
Over one year	**13,393**	2,717
	34,514	43,412

The movement in the provision for impairment of trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of year	**798**	148
Provision for impairment recognised during the year	**12,595**	650
Balance at end of year	**13,393**	798

At each balance sheet date the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at 31 October 2008, the Group has determined trade receivables of HK$13,393,000 as individually impaired (2007: HK$798,000). Based on this assessment, impairment loss of HK$12,595,000 has been recognised (2007: HK$650,000). The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables whether determined on an individual or collective basis.

The ageing analysis of the Group's trade receivables that were past due as at the balance sheet date but not impaired, based on due date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**9,282**	5,532
Within three months past due	**5,549**	12,947
Over three months but within six months past due	**4,348**	8,296
Over six months but within one year past due	**1,942**	13,920
Over one year past due	**–**	1,919
	21,121	42,614

Trade receivables that were past due but not impaired related to a large number of diversified customers. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

9. TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables at 31 October 2008 is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within three months	**190**	127
Over three months but within six months	**–**	22
Over six months	**–**	428
	190	577

10. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 Novemeber 2006	800,000,000	80,000
Ordinary shares of HK$0.05 each		
Share subdivision	800,000,000	–
Increase in authorised share capital	4,400,000,000	220,000
At 31 October 2007 and 1 November 2007	6,000,000,000	300,000
Ordinary shares of HK$0.20 each		
Share consolidation	**(4,500,000,000)**	**–**
Ordinary shares of HK$0.01 each		
Share subdivision	**28,500,000,000**	**–**
Ordinary shraes of HK$0.05 each		
Share consolidation	**(24,000,000,000)**	**–**
At 31 October 2008	**6,000,000,000**	**300,000**

	Number of shares	HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1 November 2006	464,440,451	46,444
Allotment	212,400,000	21,240
Share options exercised	2,000,000	200
Ordinary shares of HK$0.05 each		
Shares subdivision	678,840,451	–
Allotment	270,000,000	13,500
Bonus issue	271,536,180	13,577
At 31 October 2007 and 1 November 2007	1,899,217,082	94,961
Ordinary shares of HK$0.20 each		
Share consolidation	**(1,424,412,812)**	**–**
Rights issue	**237,402,135**	**47,480**
Ordinary shares of HK$0.01 each		
Capital reduction	**–**	**(135,319)**
Allotment	**140,000,000**	**1,400**
Ordinary shares of HK$0.05 each		
Share consolidation	**(681,765,124)**	**–**
At 31 October 2008	**170,441,281**	**8,522**

11. POST BALANCE SHEET EVENTS

On 15 January 2009, authorised share capital for ordinary shares of HK$0.05 each was consolidated on the basis of five into one from 6,000,000,000 ordinary shares of HK$0.05 each to 1,200,000,000 ordinary shares of HK$0.25 each. The issued share capital was consolidated on the basis of five into one from 170,441,281 ordinary shares of HK$0.05 each to 34,088,256 ordinary shares of HK$0.25 each. The nominal value of each share in issue was reduced from HK$0.25 to HK$0.01 by cancelling paid up capital to the extent of HK$0.24 on each issued share and the issued share capital of the Company was reduced by HK$8,181,000 from HK$8,522,000 divided into 34,088,256 ordinary shares of HK$0.25 each to HK$341,000 divided into 34,088,256 ordinary shares of HK$0.01 each. Authorised share capital for ordinary shares of HK$0.25 each were subdivided on the basis of one to twenty-five from 1,200,000,000 ordinary shares of HK$0.25 each to 30,000,000,000 ordinary shares of HK$0.01 each.

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.

12. COMPARATIVES

During the year, the Group has determined that securities investment is one of its principal activities and therefore, securities investment is presented as a reportable segment. Segment information for the year ended 31 October 2007 has been restated to conform with this change.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue

Turnover for the year ended 31 October, 2008 was approximately HK$272 million, representing an increase of approximately 59% as compared with last year. The main increase was due to the inclusion of the new business segment's turnover-sale of properties held for resale. If this factor is not counted, it was on the contrary a decrease of approximately 13%.

Beauty Services and Sale of Beauty Products Operations

The Group's turnover from beauty services and sale of beauty products operations for the year under review was approximately HK$93 million, representing a decrease of approximately 6%. Geographically, the performance of our Beauty Service shops in China and Macau was better than the local ones as competition was not keen and the market was not saturated. In the coming year, it is expected that some local competitors will be driven out of the industry as a consequence of the price war. By then, the Group will dominate a bigger market share and the service fees will be adjusted to a more realistic level. Good customer service is still our Company's goal.

As the Hong Kong depressed economy will not be fully recovered in the short run, our business strategy in 2009 will be generally conservative. Expansion program will be temporarily suspended. Plans will be formulated to reorganise the size and location of the beauty service shops upon expiry of the lease term. Tighter cost control will be introduced to maximise economies of scale.

Clinical Services

There was a downturn of the turnover of this segment for the period under review. Turnover from this segment amounted to approximately HK$53 million; representing a decrease of approximately 22%. As plastic surgery is still not commonly accepted by the majority of Hong Kong people; together with media pressure and fear for economy recession, our new medical centre in New World Tower did not achieve the sales target as previously planned. Following the decline of the beauty service sector, turnover from surgical and non-surgical beauty treatments was also affected. Under these circumstances, further expansion of this segment will not be considered in 2009. Advertising, seminars and promotional interviews will be suitably intensified to improve the popularity of plastic surgery over the entire population.

Beauty Courses

Owing to the poor response from students on the proposed beauty courses, turnover from this segment reduced sharply to approximately HK$0.9 million; representing a decrease of approximately 75%. Only short term beauty courses were organised during the first half year. The Beauty Course training centre was closed in mid April 2008. However, if conditions justify, we may consider opening new beauty course training centre again.

Sales of properties held for resale

This is a new business segment of the Group. Turnover from this segment amounted to approximately HK$124 million which related to sales of commercial properties. Gross earnings of approximately HK$14 million was recognised. Remaining investment properties (residential) were all leased out at market rent. Mortgaged bank loans, repayable within ten or twenty years, were obtained to finance 70% of the investment cost at market interest rate. The investment properties had been measured at fair value at 31 October 2008 in accordance with the prevailing accounting standards and the Company's accounting policy.

Investment in financial instruments and quoted shares

Following a very favorable return in 2007, though this is not the core business of the Group, its investment size was rather significant in 2008. As a result of the downturn of the stock market and the "Financial Tsunami", a substantial loss of approximately HK$34 million (including fair value adjustments at balance sheet date) was recorded during the year under review. We will hold those financial instruments to maturity, during which time, significant provision may not be required. In future, we will be more cautious in dealing with financial instruments and quoted shares.

Outlook

We anticipate the global economy recession caused by the "Financial Tsunami" will be prominent in 2009. This will be a great challenge to the management on the subject of crisis management. The Group is financially strong and has no significant capital commitment. In the coming year, we will focus on maximising economies of scale and identifying new source of income. We have confidence in overcoming this "century global economy recession".

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("Code Provisions") set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) ("GEM Listing Rules") that are considered to be relevant to the Company and has complied with the Code Provisions save as disclosed below.

a) Ms. Siu York Chee, Doreen currently holds the offices of Chairperson and Chief Executive Officer of the Company. The Board considers that the current structure of vesting the roles of 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.

b) None of the independent non-executive directors is appointed for a specific term but pursuant to the Company's Bye-Laws, all directors of the Company are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years. Further, pursuant to the Company's Bye-Laws, any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first annual general meeting after his/her appointment. The Company in practice will observe Code Provision A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

AUDIT COMMITTEE

The Company has formed 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, and Mr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung Walter. Mr. Hung Anckes Yau Keung is also the chairman of the audit committee. The primary duties of the Committee are to review the Company's annual report and accounts, half-yearly 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.

During the financial year ended 31 October 2008, the audit committee has reviewed the Company's half-year report, quarterly reports and monthly reports and has provided advice and comments thereon to the Board. The audit committee has met five times during the financial year for reviewing the Company's financial reports and monitoring the Company's internal control procedures.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period from 1 November 2007 to 31 October 2008.

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 year ended 31 October 2008.

As of the date of this announcement, the Board of Directors of the Company comprises, Ms. Siu York Chee, Doreen, Mr. Leung Kwok Kui and Ms. Leung Ge Yau, Executive Director; Mr. Hung Anckes Yau Keung, Dr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung, Walter, Independent Non-Executive Director of the Company.

On behalf of the Board
B.A.L. Holdings Limited
Siu York Chee, Doreen
Chairperson

Hong Kong, 20th January, 2009