

MIDDLE EAST DEVELOPMENT SINGAPORE LTD
(Formerly known as Hitchins Group Ltd)

HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 31 DEC 2006
PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	For the 6 months ended		
	31.12.06	31.12.05	%
	\$	\$	+ / (-)
Revenue	5,266,161	6,277,273	-16.11%
Cost of sales	(3,455,630)	(4,162,417)	-16.98%
Gross profit	1,810,531	2,114,856	-14.39%
Other operating income	20,706	16,113	28.50%
Finance income / (expenses)	7,095	(124,144)	-105.72%
Distribution expenses	(800,654)	(639,935)	25.11%
Administrative expenses	(1,299,182)	(1,270,065)	2.29%
Other credit	16,947	7,099	138.74%
(Loss) / profit before tax	(244,557)	103,924	-335.32%
Income tax (expense) / credit	(106,350)	31,220	-440.65%
(Loss) / profit for the period	(350,907)	135,144	-359.65%

1 (a) (i) Notes to profit and loss statement	The Group		
	31.12.06	31.12.05	%
	\$	\$	+ / (-)
Other operating income:			
Sundry income	20,631	16,113	28.04%
Government grant / subsidies	75	-	NM
	20,706	16,113	28.51%
Finance income / (expenses):			
Interest expense:			
- hire purchase	(11,489)	(10,433)	10.11%
- OD Interest	(26,592)	(24,560)	8.27%
- T/R	(5,812)	(5,211)	11.53%
Total interest expense	(43,893)	(40,204)	9.18%
Bad debts written off:			
- trade	-	(832)	NM
- non-trade	-	(338)	NM
Foreign exchange loss	(12,565)	(23,372)	-46.24%
Provision for impairment on trade receivables	(19,790)	(105,192)	-81.19%
Total finance expense	(76,248)	(169,938)	-55.13%
Interest income:			
- fixed deposits	7,031	7,551	-6.89%
Total interest income	7,031	7,551	-6.89%
Bad debts recovered	624	-	NM
Gain on foreign exchange	319	7,167	-95.55%
Provision for impairment on trade receivables written back	75,369	31,076	142.53%
Total finance income	83,343	45,794	82.00%
Net finance income (expenses)	7,095	(124,144)	105.72%
The loss before income tax is arrived at after crediting and (charging)			
Depreciation of fixed assets	(168,759)	(191,528)	-11.89%
Directors' fees	(45,772)	(45,803)	-0.07%
Inventories written off	-	(2,954)	-100.00%
Operating lease expenses	(92,232)	(108,855)	-15.27%
Provision for warranty (net)	(36,046)	(39,728)	-9.27%
Gain on disposal of fixed assets (net)	16,947	10,358	63.62%

NM = Not meaningful

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Unaudited Balance Sheets

	Group		Company	
	31.12.06	30.06.06	31.12.06	30.06.06
	\$	\$	\$	\$
ASSETS				
Non-current assets:				
Investment in subsidiaries	-	-	3,021,821	3,021,821
Property, plant and equipment	975,602	1,013,896	107,126	151,036
Deferred tax assets	11,626	11,540	-	-
Total non-current assets	987,228	1,025,436	3,128,947	3,172,857
Current assets:				
Cash and bank balances	1,266,046	1,704,337	314,667	313,879
Trade and other receivables	6,758,205	6,740,356	2,063,055	1,753,615
Inventories and contract work-in-progress	1,178,026	949,482	-	-
Total current assets	9,202,277	9,394,175	2,377,722	2,067,494
Total assets	10,189,505	10,419,611	5,506,669	5,240,351
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	1,068,947	903,598	664,622	678,430
Trade and other payables	4,117,732	4,216,563	2,085,456	1,486,741
Current tax payable	242,494	129,834	25,181	45,100
Current portion of long-term borrowings	77,481	99,056	39,648	42,241
Total current liabilities	5,506,654	5,349,051	2,814,907	2,252,512
Non-current liabilities:				
Deferred tax	46,663	46,656	-	-
Long-term borrowings	147,937	177,468	91,380	110,988
Total non-current liabilities	194,600	224,124	91,380	110,988
Capital and reserves:				
Share capital	4,311,012	4,311,012	4,311,012	4,311,012
Other Reserves	(223,626)	(257,787)	80,470	80,470
Retained earnings / (accumulated losses)	400,865	793,211	(1,791,100)	(1,514,631)
Total equity	4,488,251	4,846,436	2,600,382	2,876,851
Total liabilities and equity	10,189,505	10,419,611	5,506,669	5,240,351

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand	As at 31.12.06		As at 30.06.06	
	Secured	Unsecured	Secured	Unsecured
	\$	\$	\$	\$
	1,146,428	-	1,002,654	-

Amount repayable after one year	As at 31.12.06		As at 30.06.06	
	Secured	Unsecured	Secured	Unsecured
	\$	\$	\$	\$
	147,937	-	177,468	-

Details of any collateral

- The bank overdrafts are secured on the following:-
Fixed deposits of the company and another subsidiary amounting to S\$636,338 (31/12/05: S\$624,328)
- Property, plant and equipment with carrying amount of \$177,186 (31/12/05: \$292,265) were acquired under finance lease agreements.

HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 31 DEC 2006

- 1 (c) A cash flow statement (for the group), together with a comparable statement for the corresponding period of the immediately preceding financial year.

Unaudited Consolidated Statement of Cash Flows

	The Group	
	For the 6 months ended	
	31.12.06	31.12.05
	\$	\$
Cash flows from operating activities:		
(Loss) / profit for the year	(350,907)	135,144
Adjustment for:		
Income tax expenses / (credits)	106,350	(31,220)
Depreciation expenses	168,759	191,528
Interest expense	43,893	40,204
Interest income	(7,031)	(7,551)
Gain on disposal of plant and equipment	(16,947)	(10,358)
Loss on disposal of other investment		
Operating (loss) / profit before working capital changes	(55,883)	317,747
Changes in working capital:		
Trade and other receivables	(17,847)	(410,173)
Inventories	(228,546)	122,768
Trade and other payables	(98,832)	418,413
Cash (used in) / generated from operations	(401,108)	448,755
Income tax refund / (paid)	6,310	(36,772)
Net cash (used in) / generated from operating activities	(394,798)	411,983
Cash flows from investing activities:		
Interest received	7,031	7,551
Proceeds from disposal of plant and equipment	44,284	14,299
Purchase of plant and equipment	(125,832)	(64,497)
Net cash used in investing activities	(74,517)	(42,647)
Cash flows from financing activities:		
Interest paid	(43,893)	(40,204)
Increase in short-term borrowings	43,016	114
Decrease in finance lease	(85,790)	(69,144)
Increase in cash and cash equivalent (restricted in use)	(3,138)	-
Net cash used in financing activities	(89,805)	(109,234)
Net effect of exchange rate changes in consolidating foreign subsidiaries	(3,321)	8,998
Net increase / (decrease) in cash and cash equivalents	(562,441)	269,100
Cash and cash equivalents at the beginning of the period	295,849	196,580
Effect of exchange rate adjustments	(1,321)	8,643
Cash and cash equivalents / (overdrawn) at end of the period	(267,913)	474,323

(A) For the purpose of the consolidated cash flow statement the cash and cash equivalent at the period ended comprises of the following:-

	The Group	
	31.12.06	31.12.05
	S\$	S\$
Cash and cash equivalents:		
Fixed deposits	648,363	636,279
Cash and bank balance	617,683	1,141,476
Bank overdraft	(897,621)	(679,104)
	368,425	1,098,651
Fixed deposits pledge	(636,338)	(624,328)
Cash and cash equivalents / (Overdrawn) at end of year	(267,913)	474,323

HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 31 DEC 2006

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Statement of Changes in Equity for the Financial Period Ended 31 December 2006

Group

	Share capital	Statutory reserve	Share Option reserve	Foreign currency translation reserves	Accumulated profit / (loss)	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Restated Balance as at 1 July 2005	4,311,012	262,778	80,470	(510,018)	1,009,007	5,153,249
Translation reserve - foreign subsidiaries	-	-	-	23,017	-	23,017
Net profit for the period	-	-	-	-	135,144	135,144
Balance as at 31 December 2005	4,311,012	262,778	80,470	(487,001)	1,144,151	5,311,410
Translation reserve - foreign subsidiaries	-	-	-	(136,135)	-	(136,135)
Transfer to statutory reserves	-	22,101	-	-	(22,101)	-
Net loss for the period	-	-	-	-	(328,839)	(328,839)
Balance as at 1 July 2006	4,311,012	284,879	80,470	(623,136)	793,211	4,846,436
Translation reserve - foreign subsidiaries	-	-	-	(7,278)	-	(7,278)
Transfer to statutory reserves	-	41,439	-	-	(41,439)	-
Net loss for the period	-	-	-	-	(350,907)	(350,907)
Balance as at 31 December 2006	4,311,012	326,318	80,470	(630,414)	400,865	4,488,251

Company

	Share capital	Statutory reserve	Share Option reserve	Foreign currency translation reserves	Accumulated profit / (loss)	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Restated Balance as at 1 July 2005	4,311,012	-	80,470	-	(1,461,198)	2,930,284
Net profit for the period	-	-	-	-	4,325	4,325
Balance as at 31 December 2005	4,311,012	-	80,470	-	(1,376,407)	3,015,075
Net loss for the period	-	-	-	-	(138,224)	(138,224)
Balance as at 1 July 2006	4,311,012	-	80,470	-	(1,514,631)	2,876,851
Net loss for the period	-	-	-	-	(276,469)	(276,469)
Balance as at 31 December 2006	4,311,012	-	80,470	-	(1,791,100)	2,600,382

- 1d(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial period ended 31 December 2006, no ordinary shares were issued pursuant to the exercise of option granted to employees under the Hitchins Employees' Share Option Scheme (the "Scheme"). As at 31 December 2006, there were 4,525,000 unexercised options for unissued ordinary shares under the Scheme. Subsequent to this date

Subsequent to this date 975,000 ordinary shares were exercised, issued and fully paid-up on 5 January 2007. At the date of this announcement 3,550,000 remain unexercised options for unissued ordinary shares.

The completion of the Subscription and issuance of 120,000,000 ordinary shares at an issue price of S\$0.05 each took place on 18 June 2007; and the Call Option of 120,000,000 ordinary shares was granted to M.E. development L.L.C.

On 22 January 2007, the completion of Placement took place and all the 20,000,000 Placement shares were placed out at an issue price of S\$0.05 each.

- 2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited nor reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not Applicable

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as compared with the audited financial statements for the period ended 30 June 2006 except for the adoption of the new and revised Financial Reporting Standards ('FRS') that have become effective from 1 January 2006.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current period's financial statements. The adoption of FRS as mentioned under paragraph 4 have not resulted in any material impact on the Group's financial statement for the period ended 31 December 2006.

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6 (Loss) / Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Current period 31.12.06	Previous Corresponding Period 31.12.05
(a) Based on the number of ordinary shares on issue; and	(0.32) cents	0.12 cents
(b) On a fully diluted basis	(0.32) cents	0.12 cents

(a) Basic losses per ordinary share has been calculated based on the number of ordinary shares of 108,600,000 (2005:108,600,000) shares.

(b) Diluted losses per ordinary share has been calculated based on the weighted average number of 108,600,000 ordinary shares (HY2006: Based on weighted average number of 108,672,355 ordinary shares)

7 Net asset value (for the issuer and group) per ordinary shares based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31.12.06 Cents	30.06.06 Cents	31.12.06 Cents	30.06.06 Cents
Net asset value per ordinary share based on the issued share capital at the end of the period	4.13	4.46	2.39	2.65

Net asset value per ordinary share has been calculated based on 108,600,000 shares

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's overall revenue decreased by 16.11% or \$1.01 mil from \$6.28 mil in HY2006 to \$5.27 mil in HY2007. This was mainly due to a decrease in the installation revenue from external customers by 23.97% or \$0.90 mil from \$3.76 mil in HY2006 to \$2.86 mil in HY2007 and also a slight decrease in manufacturing and sales revenue from external customer by 4.40% or \$ 0.11 mil from \$ 2.52 mil in HY2006 to \$2.41mil in HY2007.

The Group's overall revenue by geographical segment from Singapore and the region decreased by 28.06% or \$1.25 mil over HY2006, mainly attributed to a decline in installation business segment revenue. The revenue from the People's Republic of China decreased by 1.66% or \$0.02 mil and Malaysia increased by 34.20% or \$0.26 mil.

The Group's HY2007 gross profit decreased by \$0.30 mil or 14.39%, from \$2.11mil in HY2006 to \$1.81mil in HY2007, this was mainly due to a decreased in Installation business revenue. However, the year on year gross margin increased by 0.69% from 33.69% in HY2006 to 34.38% in HY2007.

Other operating income increased by \$0.01 mil or 28.50%, from \$0.02 mil in HY2006 to \$0.03 mil in HY2007. The increase was mainly due to administrative fee and handling charge to customers.

Finance expenses decreased by \$0.13 mil or 105.72% from \$0.12 mil in HY2006 to Finance Income of \$7,095 in HY2007, this was mainly due to provision of impairment on trade receivables written-back from the manufacturing and sales segment; and a reduction in provision for impairment on trade receivables from the installation business segment.

Distribution expenses increased by \$0.16 mil or 25.11% from \$0.64 mil to \$0.80 mil in HY2007, mainly due to sales commission paid during the period in the People's Republic of China and Malaysia, marketing staff cost, marketing related expenses and travelling cost.

Administrative expenses increased by \$0.03 mil or 2.29% from \$1.27 mil in HY2006 to \$1.30 mil HY2007, mainly due to the increase in staff cost.

Other credit increased by \$0.01 mil or 138.74% mainly due to gain in disposal of plant and equipment and in the absence of fixed assets written off in HY2007 by our subsidiary in Malaysia.

The Group's loss before tax increased by \$0.34 mil, from gain of \$0.10 mil in HY2006 to loss of \$0.24mil in HY2007 and loss after tax increased by \$0.49 mil or 359.65%, from gain of \$0.14 mil in HY2006 to loss of \$0.35 mil in HY2007.

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Balance Sheet and Cashflows

Non-Current Assets

The reduction in consolidation non-current assets of \$0.04 mil or 3.78% was mainly due to disposal of fixed assets for the period ended 31 December 2006.

Current Assets

Our Group's Current Assets amounted to \$9.34 mil represents 90.15% of our Group's total assets as at 30 June 2006. Whereas as at 31 December 2006 it decreased to \$9.20 mil representing 90.16% of our Group's total assets.

Our Group's trade receivables amounted to \$5.92 mil decreased by \$0.19 mil or 3.11% in HY2007 due to a slight improvement in the day sales outstanding from 201 days in FY2006 to 191 days in HY2007. Whereas our Group's other receivables increased by \$ 0.21 mil or 33.33% to \$0.84 mil, this was due to an increased in prepayment and advance mainly for the shares issuance related expenses, in relations to the proposed shares investment by M.E. Development LLC.

The overall reduction in current assets was mainly due to a decreased in cash and bank balances offset against the increase in inventories and contract work in progress.

Current Liabilities

Our Group's Current Liabilities amounted to \$5.35 mil represents 95.98% of our Group's total liabilities as at 30 June 2006. Whereas as at 31 December 2006 it increased to \$5.51 mil representing 96.60% of our Group's total liabilities.

The increase in current liabilities was due to the increase in short-term borrowing in tandem with the reduction in trade payables and also an increased in tax payables.

Non-Current Liabilities

The reduction of non current liabilities was mainly due to repayment of interest bearing finance lease.

Cashflow

Our Group's cash generated from operations was \$0.45 mil in HY2006. Whereas in HY2007 the Group's cash used in operation was \$0.40 mil, this was due to operating loss before working capital changes, repayment of payables and increased in inventories holding cost.

The Group's net cash from operating activities decreased to \$0.39 mil in HY 2007, due mainly to the same reasons given as above.

The net cash used in investing activities increased by \$0.03 mil due mainly to the purchase of plant and equipment.

The overall Group's cash and cash equivalents in HY2007 showed a negative of \$0.27 mil.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Singapore's building and construction industry turned in strong performance in 2006 with a growth of 40.80% compared to last year in the value of total contracts awarded, according to the Building and Construction Authority (BCA). Outlook for 2007 as forecasted by BCA remains strong with major developments such as the Integrated Resorts and the New Business Financial Centre generating considerable demands for construction related services.

The Group continue to focus on our competitive strength to secure more contracts for the supply of our building chemicals and waterproofing materials to such developments.

The Group has announced on the 18 January 2007 the completion of the Subscription Agreement with M.E. Development LLC and the subsequent appointment of Dr. Oussama S. Al-Dimashki as the Chairman and Chief Executive Officer (CEO), as well as the change of name to Middle East Development Singapore Ltd., as posted on SGXNET. The Group has also announced on 22 January 2007 the completion of the Placement Shares.

Together with the M.E. Development L.L.C, the Group has identified that the future growth will be in property and/or infrastructural development projects in the Middle East regions and the People's Republic of China (PRC).

A new Board of Directors has been constituted and is in the process of reviewing new business opportunities in the future growth areas.

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11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of Dividend:
Dividend Type:
Dividend Rate:
Par value of Shares:
Tax Rate:

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend:
Dividend Type:
Dividend Rate:
Par value of Shares:
Tax Rate:

(c) Date payable: Not Applicable

(d) Books closure date: Not Applicable

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the half year ended 31 December 2006

**Part II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not Applicable

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographic segments.

Not Applicable

15 A breakdown of sales.

Not Applicable

16 A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Middle East Development Singapore Ltd that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statement result for the period under review to be false or misleading.

Wong Seong Khuen
Director

BY ORDER OF THE BOARD
Wong Seong Khuen
Joint Managing Director
Date: 12 February 2007

Ng Tian Huat
Director