

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

**HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2007  
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		
	31.12.07	31.12.06	%
	\$	\$	+/(-)
<b>Revenue</b>	5,826,412	5,266,161	10.64%
Cost of sales	(4,142,309)	(3,455,630)	19.87%
Gross profit	1,684,104	1,810,531	-6.98%
Other income	78,814	20,706	280.63%
Finance income / (expenses)	48,700	7,095	586.39%
Distribution expenses	(794,402)	(800,654)	-0.78%
Administrative expenses	(2,139,381)	(1,299,182)	64.67%
Other expenses	(300,144)	16,947	-1871.07%
<b>Loss before tax</b>	(1,422,310)	(244,557)	481.59%
Income tax (expense) / credit	(91,205)	(106,350)	-14.24%
<b>Loss for the year</b>	(1,513,514)	(350,907)	331.31%

1 (a) (i) Notes to profit and loss statement	The Group		
	31.12.07	31.12.06	%
	\$	\$	+/(-)
<b>Other operating income:</b>			
Sundry income	11,031	20,631	-46.53%
Government grant / subsidies	-	75	-100.00%
Dividend income from quoted corporations	3,000	-	NM
Gain on disposal of investment from quoted corporations	64,783	-	NM
	<b>78,814</b>	<b>20,706</b>	<b>280.63%</b>
<b>Finance (expenses) / income:</b>			
Interest expense:			
- hire purchase	(6,832)	(11,489)	-40.53%
- OD Interest	(7,445)	(26,592)	-72.00%
- T/R	(5,937)	(5,812)	2.15%
Total interest expense	(20,214)	(43,894)	-53.95%
Bad debts written off:			
- trade	(950)	-	NM
- non-trade	-	-	NM
Foreign exchange loss	(23,761)	(12,565)	89.11%
Provision for impairment on trade receivables	(37,660)	(19,790)	90.30%
Loss on disposal of other investment	-	-	NM
Total finance expense	(82,585)	(76,249)	8.31%
Interest income:			
- fixed deposits	122,688	7,031	1644.96%
Total interest income	122,688	7,031	1644.96%
Bad debts recovered	8,174	624	1209.94%
Gain on foreign exchange	423	319	32.60%
Provision for impairment on trade receivables written back	-	75,369	NM
Total finance income	131,285	83,343	57.52%
<b>Net finance (expenses) / income</b>	<b>48,700</b>	<b>7,094</b>	<b>586.49%</b>
<b>The loss before income tax is arrived at after crediting and (charging)</b>			
Depreciation of fixed assets	(167,524)	(168,759)	-0.73%
Inventories written off	(6,350)	-	NM
Provision for warranty (net)	(51,677)	(36,046)	43.36%
Gain on disposal of fixed assets (net)	8,000	16,947	-52.79%
Provision for dim in value of investment	(300,779)	-	NM

NM = Not meaningful

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	
	31.12.07 \$	30.06.07 \$	31.12.07 \$	30.06.07 \$
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	3,031,821	3,021,821.0
Property, plant and equipment	861,129	995,345	129,652	176,786
Goodwill on Consolidation	52,175	-	-	-
Deferred tax assets	11,621	11,832	-	-
<b>Total non-current assets</b>	<b>924,925</b>	<b>1,007,177</b>	<b>3,161,473</b>	<b>3,198,607</b>
<b>Current assets:</b>				
Cash and bank balances	10,990,010	13,488,726	9,453,419	12,044,924
Investment Securities	691,500	-	-	-
Trade and other receivables	7,689,891	8,090,884	3,906,222	2,444,963
Inventories and contract work-in-progress	1,651,392	1,391,671	-	-
<b>Total current assets</b>	<b>21,022,793</b>	<b>22,971,281</b>	<b>13,359,642</b>	<b>14,489,886</b>
<b>Total assets</b>	<b>21,947,718</b>	<b>23,978,458</b>	<b>16,521,114</b>	<b>17,688,493</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	438,508	456,910	-	-
Trade and other payables	4,126,174	4,568,187	1,592,985	1,696,113
Current tax payable	140,005	126,000	25,181	25,181
Current portion of long-term borrowings	76,027	83,628	39,216	45,752
<b>Total current liabilities</b>	<b>4,780,715</b>	<b>5,234,725</b>	<b>1,657,382</b>	<b>1,767,046</b>
	(0.11)			
<b>Non-current liabilities:</b>				
Deferred tax	106,366	106,388	-	-
Long-term borrowings	81,895	91,427	52,164	65,236
<b>Total non-current liabilities</b>	<b>188,261</b>	<b>197,815</b>	<b>52,164</b>	<b>65,236</b>
<b>Capital and reserves:</b>				
Share capital	18,325,460	18,296,125	18,325,460	18,296,125
Other Reserves	(268,411)	(185,415)	4,179	9,514
Retained earnings / (accumulated losses)	(1,078,306)	435,208	(3,518,072)	(2,449,428)
<b>Total equity</b>	<b>16,978,742</b>	<b>18,545,918</b>	<b>14,811,567</b>	<b>15,856,211</b>
<b>Total liabilities and equity</b>	<b>21,947,718</b>	<b>23,978,458</b>	<b>16,521,114</b>	<b>17,688,493</b>

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

**Amount repayable in one year or less, or on demand**

As at 31/12/07		As at 30/6/07	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
514,536	-	540,538	-

**Amount repayable after one year**

As at 31/12/07		As at 30/6/07	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
81,895	-	91,427	-

**Details of any collateral**

- The bank overdrafts are secured on the following:-  
Fixed deposits of the company and another subsidiary amounting to S\$651,753 (31/12/06: S\$636,338)
- Property, plant and equipment with carrying amount of \$104,726 (31/12/06: \$177,186) were acquired under finance lease agreements.

- 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**

	<b>The Group</b>	
	<b>For the 6 months ended</b>	
	<b>31.12.07</b>	<b>31.12.06</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities:</b>		
(Loss) for the year	(1,513,514)	(350,907)
Adjustment for:		
Income tax expenses	91,205	106,350
Depreciation expenses	167,524	168,759
Gain on disposal of plant and equipment	(8,000)	(16,947)
Gain on disposal of held for trading investment securities	(64,783)	-
Net fair value loss on held for trading investment securities	300,778	-
Interest expense	20,214	43,893
Interest income	(122,688)	(7,031)
Loss on disposal of other investment	-	-
Operating profit before working capital changes	(1,129,264)	(55,883)
Changes in working capital:		
Trade and other receivables	375,879	(17,847)
Inventories and work-in-progress	(259,781)	(228,546)
Trade and other payables	(441,955)	(98,832)
Cash (used in) / generated from operations	(1,455,120)	(401,108)
Income tax refund / (paid)	(52,109)	6,310
Net cash (used in) operating activities	(1,507,229)	(394,798)
<b>Cash flows from investing activities:</b>		
Interest received	122,688	7,031
Dividend received	-	-
Proceeds from disposal of other financial assets	-	-
Proceeds from disposal of plant and equipment	-	44,284
Purchase of held for trading investment	(927,496)	-
Purchase of shares in subsidiary	(52,175)	-
Purchase of plant and equipment	(16,270)	(125,832)
Net cash (used in) investing activities	(873,253)	(74,517)
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares	24,000	-
Interest paid	(20,214)	(43,893)
Increase in short-term borrowings	(21,404)	43,016
Decrease in finance lease	(49,933)	(85,790)
Increase in cash and cash equivalent (restricted in use)	5,882	(3,138)
Net cash (used in) financing activities	(61,669)	(89,805)
<b>Net effect of exchange rate changes in consolidating foreign subsidiaries</b>	(75,237)	(3,321)
Net (decrease) in cash and cash equivalents	(2,517,388)	(562,441)
<b>Cash and cash equivalents at the beginning of the period</b>	12,539,413	295,849
Effect of exchange rate adjustments	20,708	(1,321)
<b>Cash and cash equivalents / (overdrawn) at end of the period</b>	<b>10,042,733</b>	<b>(267,913)</b>

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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.12.06</b>
	<b>S\$</b>	<b>S\$</b>
<b>Cash and cash equivalents:</b>		
Fixed deposits	9,774,569	648,363
Cash and bank balance	1,215,442	617,683
Bank overdraft	(295,525)	(897,621)
	10,694,486	368,425
Fixed deposits pledge	(651,753)	(636,338)
<b>Cash and cash equivalents at end of year</b>	<b>10,042,733</b>	<b>(267,913)</b>

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 2007**

**Group**

	Share capital	Statutory reserve	Share Option reserve	Foreign currency translation reserves	Accumulated profit / (loss)	Total
<b>Balance as at 1 July 2006</b>	S\$ 4,311,012	S\$ 284,879	S\$ 80,470	S\$ (623,136)	S\$ 793,211	S\$ 4,846,436
Translation reserve - foreign subsidiaries	-	-	-	(7,278)	-	(7,278)
Transfer to statutory reserves	-	41,352	-	-	(41,352)	-
Net loss for the period	-	-	-	-	(350,907)	(350,907)
<b>Balance as at 31 Dec 2006</b>	<b>4,311,012</b>	<b>326,231</b>	<b>80,470</b>	<b>(630,414)</b>	<b>400,952</b>	<b>4,488,251</b>
Translation reserve - foreign subsidiaries	-	-	-	109,254	-	109,254
Transfer to statutory reserves	-	-	-	-	-	-
Transfer to share capital upon exercise of share option	70,956	-	(70,956)	-	-	-
Issuance of share capital	14,254,375	-	-	-	-	14,254,375
Share issue expenses	(659,418)	-	-	-	-	(659,418)
Exercise of share option	319,200	-	-	-	-	319,200
Net loss for the period	-	-	-	-	34,256	34,256
<b>Balance as at 30 June 2007</b>	<b>18,296,125</b>	<b>326,231</b>	<b>9,514</b>	<b>(521,160)</b>	<b>435,208</b>	<b>18,545,918</b>
Translation reserve - foreign subsidiaries	-	-	-	(77,662)	-	(77,662)
Transfer to statutory reserves	-	-	-	-	-	-
Transfer to share capital upon exercise of share option	5,335	-	(5,335)	-	-	-
Exercise of share option	24,000	-	-	-	-	24,000
Net loss for the period	-	-	-	-	(1,513,514)	(1,513,514)
<b>Balance as at 31 Dec 2007</b>	<b>18,325,460</b>	<b>326,231</b>	<b>4,179</b>	<b>(598,822)</b>	<b>(1,078,306)</b>	<b>16,978,742</b>

**Company**

	Share capital	Statutory reserve	Share Option reserve	Foreign currency translation reserves	Accumulated profit / (loss)	Total
<b>Balance as at 1 July 2006</b>	S\$ 4,311,012	S\$ -	S\$ 80,470	S\$ -	S\$ (1,514,631)	S\$ 2,876,851
Net loss for the period	-	-	-	-	(276,469)	(276,469)
<b>Balance as at 31 Dec 2006</b>	<b>4,311,012</b>	<b>-</b>	<b>80,470</b>	<b>-</b>	<b>(1,791,100)</b>	<b>2,600,382</b>
Transfer to share capital upon exercise of share option	70,956	-	(70,956)	-	-	-
Issuance of share capital	14,254,375	-	-	-	-	14,254,375
Share issue expenses	(659,418)	-	-	-	-	(659,418)
Exercise of share option	319,200	-	-	-	-	319,200
Net loss for the period	-	-	-	-	(658,328)	(658,328)
<b>Balance as at 1 July 2007</b>	<b>18,296,125</b>	<b>-</b>	<b>9,514</b>	<b>-</b>	<b>(2,449,428)</b>	<b>15,856,211</b>
Transfer to share capital upon exercise of share option	5,335	-	(5,335)	-	-	-
Exercise of share option	24,000	-	-	-	-	24,000
Net loss for the period	-	-	-	-	(1,068,644)	(1,068,644)
<b>Balance as at 31 Dec 2007</b>	<b>18,325,460</b>	<b>-</b>	<b>4,179</b>	<b>-</b>	<b>(3,518,072)</b>	<b>14,811,567</b>

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 2007, 300,000 ordinary shares were issued at an issue price of S\$0.08 pursuant to the exercise of option granted to employees under the Hitchens Employees' Share Option Scheme (the "Scheme"). As at 31 December 2007 as well as the date of this announcement, there were 235,000 unexercised options for unissued ordinary shares under the Scheme.

During the financial period ended 31 December 2007, no ordinary shares were issued pursuant to the exercise of Call Option granted to M.E. development L.L.C. As at 31 December 2007 as well as the date of this announcement, there were 100,000,000 unexercised options for unissued ordinary shares under the Call Option.

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 year 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 2007.

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 year'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 2007.

**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 31.12.07	Previous Corresponding Period 31.12.06
(a) Based on the number of ordinary shares on issue; and	(0.38) cents	(0.32) cents
(b) On a fully diluted basis	(0.32) cents	(0.32) cents

(a) Basic losses per ordinary share has been calculated based on the number of ordinary shares of 397,934,877 (2006:108,600,000) shares.

(b) Diluted losses per ordinary share has been calculated based on the weighted average number of 477,075,096 ordinary shares (2006: Based on weighted average number of 108,600,000 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	
	31.12.07 Cents	30.06.07 Cents	31.12.07 Cents	30.06.07 Cents
Net asset value per ordinary share based on the issued share capital at the end of the period	4.27	4.66	3.72	3.99

Net asset value per ordinary share has been calculated based on 397,977,500 shares (30.06.07: 397,677,500 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 half year gross profit decreased by \$0.13mil or 6.98%, from \$1.81mil in HY2007 to \$1.68mil in HY2008 due to lower margins. Gross margin reduced by 5.48% from 34.38% in HY2007 to 28.9% in FY2008.

Other income increased by 280.63%, from \$0.021 mil in HY2007 to \$0.079 mil in HY2008 mainly due to gain on disposal of investment from quoted corporations.

Finance income improves from \$0.007 mil in HY2007 to \$0.048 mil in HY2008. This was mainly due to increase in interest income partially offsetted by a reduction in provision for impairment on trade receivables written back.

Distribution expenses decreased slightly by \$0.006 mil or 0.78% from \$0.8mil in HY2007 to \$0.79mil in HY2008

Administrative expenses increased by \$0.84 mil or 64.67% from \$1.30 mil in HY2007 to \$2.14 mil HY2008, mainly due to operating costs of our newly created project management and corporate office.

Other expenses is mainly due to provision in diminution in value of investment.

The Group's loss before tax increased by \$1.18 mil, from loss of \$0.244 mil in HY2007 to loss of \$1.42mil in HY2008 and loss after tax increased by \$1.16 mil or 331.31%, from loss of \$0.35mil in HY2007 to loss of \$1.51 mil in HY2008.

The Group's net tax expense reduced by \$0.015mil from \$0.106mil in HY2007 to \$0.091mil in HY2008.

The basic losses per share of the Group decreased from (0.32) cents in HY2007 to (0.38) cents in HY2008. The Group's net asset value decreased from 4.66 cents to 4.27 cents.

**Balance Sheet and Cashflows**

**Non-Current Assets**

The reduction in consolidated non-current assets of \$0.082 mil or 8.17% was mainly due to depreciation of fixed assets for the period ended 31st December 2007. This reduction is partially offsetted by an increase in the goodwill recognised for the acquisition of the remaining shares in a subsidiary

**Current Assets**

Our Group's Current Assets amounted to \$21.02 mil represents 95.79% of our Group's total assets as at 31st December 2007.

The overall decrease in current assets was mainly due to decrease in fixed deposit partially offsetted by an increase in investment securities.

**Current Liabilities**

Our Group's Current Liabilities amounted to \$4.78 mil represents 96.21% of our Group's total liabilities as at 31st December 07.

The decrease in current liabilities was due to the decrease in the reduction in trade payables.

**Non-Current Liabilities**

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

**Cashflow**

The Group's net cash from operating activities drop by \$1.11 mil in HY 2008, due mainly to higher losses.

The net cash used in investing activities increased by \$0.80 mil due mainly to the purchase of shares in subsidiary and investment securities.

The net cash from financing activities decreased by \$0.02 mil mainly due to issuance of shares and less interest paid offsetted by more cash used to reduce short term borrowings and finance leases

**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.**

Waterproofing Division

The construction sector in Singapore has emerged as a major growth driver and construction demand is expected to exceed \$24.4 billion in the year 2008. This augurs well for the company especially with a rise in demand on the residential property segment of which our waterproofing products and systems are being specified and used more compared to the other segments.

We are also expecting that the company's drive towards environmentally enhancing products and systems such as the Green Label Award for the main product range and the Daku Green Roof system should further enhance our competitiveness in the market.

Project Construction Management

The owner of the projects have issued letter of intent to the contractor for 2 of the 4 projects in Dubai. We thus expect construction work to commence before the end of the current financial year, although the amount of work would not be significant within this period.

**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 2007

**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 materially false or misleading.

Dr Oussama Al-Dimashki  
Director

Toh Wing Yew  
Director

**BY ORDER OF THE BOARD**

Dr Oussama Al-Dimashki  
Chief Executive Officer and Chairman  
14 February 2008