

Half year information provided to the ASX under listing rule 4.2A,  
to be read in conjunction with the most recent annual financial report.

## Appendix 4D

### Half Year Report

### Period ending on 31 December 2007

Name of entity

HITEC ENERGY LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
38 009 113 160	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 DECEMBER 2007

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

			\$A'000
Revenues from ordinary activities	<del>up</del> /down	45% to	45
Loss from ordinary activities after tax (before amortisation of goodwill) attributable to members	<del>up</del> / <del>down</del>	1% to	(463)
Loss from ordinary activities after tax attributable to members	<del>up</del> / <del>down</del>	1% to	(463)
Loss for the period attributable to members	<del>up</del> / <del>down</del>	1% to	(463)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend)		
Interim dividend	N/A	N/A
Previous corresponding period	N/A	N/A

Earnings per security (EPS)	Current period	Previous corresponding period
Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	(0.0010)	(0.0010)
(b) Diluted EPS (if materially different from (a))	(0.0010)	(0.0010)
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	447,739,284	447,739,284

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per <sup>+</sup> ordinary security	0.2 cents	0.4 cents

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to be read in conjunction with the most recent annual financial report.

## Compliance statement

- 1 This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed
- 4 This report is based on \*accounts to which one of the following applies.

	The *accounts have been audited.	✓	The *accounts have been subject to review.
	The *accounts are in the process of being audited or subject to review.		The *accounts have <i>not</i> yet been audited or reviewed.
- 5 The accounts are not the subject of any dispute or qualification.
- 6 The entity does not have a formally constituted audit committee.



Sign here: ..... Date: 13 February 2008  
(~~Director~~/Company Secretary)

Print name: .....GREG LEDGER.....



HiTec Energy Limited

Half Year Report

31 December 2007

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# Directors' Report

For the half year ended 31 December 2007

Your directors present their report on HiTec Energy Limited for the half year ended 31 December 2007.

## DIRECTORS' INFORMATION

The names of the Directors who held office during and since the end of the half year and up to the date of this report:

N Coldham-Fussell	(Chairman)
A Scott	(MD & CEO)
MH Titley	(Non-Executive Director)
DR Teplitzky	(Non-Executive Director)

## REVIEW OF OPERATIONS

The details of the Company's activities during the half year have been reported in the quarterly reports submitted to the Australian Stock Exchange Limited for the quarters ended 30 September 2007 and 31 December 2007.

Commercialisation of HiTec's patented technology has progressed with further meetings and visits in India, and pre-feasibility studies and commercial due diligence for the Halol Project have been completed. It is anticipated that joint venture agreements and documentation can soon be finalised, and although matters relating to the length and manner of the feasibility, construction and commissioning processes have yet to be resolved, the Halol project is now expected to move into formal feasibility study mode in Q1/2008.

Conceptual designs have recently been commenced for two new plants which have some similarity with the Halol Project in India, one offshore and one in Western Australia, although the latter is unlikely to proceed until an easing of mining boom related pressures on labour and costs.

HiTec has lodged a third patent application in Australia that covers the production of a slow release micronutrient fertiliser from the plant tailings of an EMD or EMM production plant employing HiTec's sulfur dioxide leach process. This eliminates the need for unsightly tailings compounds and helps maximise the effective utilisation of a mineral resource upon which the project is based. It appears clear that the Halol project will seek to use this HiTec patent as well as the sulfur dioxide leach patent.

A thorough review of HiTec's options for extracting value from its Ant Hill and Sunday Hill manganese mining leases has indicated that the likely product, a medium grade manganese dioxide concentrate, could be readily sold as a feedstock for silicomanganese alloy production. HiTec is currently focussing on firming up the mining and beneficiation approach to the ore bodies, the permitting procedures to move the mining leases to operational status, and evaluation of available funding alternatives.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 13 of this report.

This report is signed in accordance with a resolution of the Board of Directors.

Dated at Brisbane this 13<sup>th</sup> day of February 2008

A handwritten signature in blue ink that reads "A Scott". The signature is written in a cursive style with a long horizontal stroke extending to the right.

ALAN SCOTT  
Managing Director

## Directors' Declaration

The directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 5 to 10 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



ALAN SCOTT  
Managing Director

Dated at Brisbane this 13<sup>th</sup> day of February 2008

# Income Statement

For the half year ended 31 December 2007

	2007	2006
	\$	\$
<b>Revenue from continuing operations</b>		
Battery sales	2,280	-
Interest	36,193	58,686
Rent	6,600	3,600
Sundry income	-	19,248
	<hr/>	<hr/>
	45,073	81,534
	<hr/>	<hr/>
<b>Expenditure</b>		
Administration	139,280	177,510
Business development	68,513	70,609
Cost of goods sold	1,491	-
Depreciation	3,425	5,942
Employee benefits	226,497	312,060
Exploration	73,854	28,613
Patenting	7,854	651
Research & development	47,700	6,500
	<hr/>	<hr/>
	568,614	601,885
	<hr/>	<hr/>
Loss before income tax	(523,541)	(520,351)
Income tax benefit	60,324	61,859
	<hr/>	<hr/>
<b>Loss for the half year</b>	<b>(463,217)</b>	<b>(458,492)</b>
	<hr/>	<hr/>
<b>Earnings per share for loss attributable to the ordinary equity holders:</b>		
Basic loss per share (cents)	(0.0010)	(0.0010)
Diluted loss per share (cents)	(0.0010)	(0.0010)

This income statement should be read in conjunction with the accompanying notes.

# Balance Sheet

As at 31 December 2007

	<u>31 Dec 07</u>	<u>30 Jun 07</u>
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	894,163	1,381,012
Trade and other receivables	32,445	13,222
Prepayments	31,366	25,623
Inventories	894	-
	<u>958,868</u>	<u>1,419,857</u>
<b>Non-current assets</b>		
Receivables	42,136	40,821
Property, plant and equipment	16,232	19,657
	<u>58,368</u>	<u>60,478</u>
<b>Total assets</b>	<u>1,017,236</u>	<u>1,480,335</u>
<b>Current liabilities</b>		
Trade and other payables	18,768	27,815
Provisions	24,388	17,436
	<u>43,156</u>	<u>45,251</u>
<b>Non-current liabilities</b>		
Provisions	23,172	20,959
	<u>66,328</u>	<u>66,210</u>
<b>Total liabilities</b>	<u>66,328</u>	<u>66,210</u>
<b>Net assets</b>	<u>950,908</u>	<u>1,414,125</u>
<b>Equity</b>		
Contributed equity	31,945,649	31,945,649
Reserves	23,688	37,905
Accumulated losses	(31,018,429)	(30,569,429)
<b>Total equity</b>	<u>950,908</u>	<u>1,414,125</u>

This balance sheet should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the half year ended 31 December 2007

	Share Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2006	31,945,649	(29,741,851)	59,000	2,262,798
Loss attributable to members of the company	-	(458,492)	-	(458,492)
Balance at 31 December 2006	31,945,649	(30,200,343)	59,000	1,804,306
Balance at 1 July 2007	31,945,649	(30,569,429)	37,905	1,414,125
Reversal of previously booked cost for options lapsed during the period		14,217	(14,217)	-
Loss attributable to members of the company	-	(463,217)	-	(463,217)
Balance at 31 December 2007	31,945,649	(31,018,429)	23,688	950,908

This statement of changes in equity should be read in conjunction with the accompanying notes.

## Cash Flow Statement

For the half year ended 31 December 2007

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Cash inflow/(outflow) from operating activities</b>		
Sales proceeds	2,280	-
Interest received	36,193	58,686
Rentals received	6,600	3,600
Research & development tax concession	60,324	61,859
Payments to suppliers and employees	<u>(592,246)</u>	<u>(633,416)</u>
	<u>(486,849)</u>	<u>(509,271)</u>
<b>Cash inflow/(outflow) from investing activities</b>		
GST paid to ATO on plant & equipment sold	<u>-</u>	<u>(233,750)</u>
	<u>-</u>	<u>(233,750)</u>
<b>Decrease in cash and cash equivalents</b>	<b>(486,849)</b>	<b>(743,021)</b>
Cash and cash equivalents at start of the half year	<u>1,381,012</u>	<u>2,522,557</u>
<b>Cash and cash equivalents at end of the half year</b>	<b><u>894,163</u></b>	<b><u>1,779,536</u></b>

This cash flow statement should be read in conjunction with the accompanying notes.

# Notes to Financial Statements

For the half year ended 31 December 2007

## **Note 1 Basis of preparation of the half year financial statements**

The half year financial statements for the half year ended 31 December 2007 are part of a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB134 Interim Financial Reporting.

These financial statements are to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by HiTec Energy Limited during the half year in accordance with continuous disclosure requirements of the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

This financial report was approved by directors on 13 February 2008.

## **Note 2 Events subsequent to reporting date**

Since 31 December 2007, no event has arisen that would be likely to materially affect the operations of the Company or the state of affairs of the Company in current or future financial periods.

## **Note 3 Contingent liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

## **Note 4 Segment Information**

The company operates in one business segment; namely the commercialisation of mineral processing technologies wherever those technologies may have application. Whilst the company's principal and registered office and its mining leases are maintained in Australia, its business focus is worldwide, with a representative office maintained in China and patent assets currently held in Australia, China, United States, South Africa and India.

## **Note 5 Dividends**

No dividends have been paid or declared during the half year ended 31 December 2007.

## **Note 6 Equity securities issued**

There were no issuances, repurchases or repayments of debt and equity securities.

## **Notes to Financial Statements**

For the half year ended 31 December 2007

### **Note 7 Related party transactions**

There have been no material related party transactions entered into during the current half-year period.

### **Note 8 Estimates**

There are no material estimates included in the financial statements.

### **Note 9 Financial risk management**

There has been no change in the financial risk management policies of the entity during the current half-year period.



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HITEC ENERGY LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hitec Energy Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hitec Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hitec Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Yours sincerely,  
BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls  
Glyn O'Brien

Glyn O'Brien  
Director

Signed at Perth this 13<sup>th</sup> day of February 2008



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13<sup>th</sup> February 2008

The Directors  
Hitec Energy Limited  
1st Floor, 30 Richardson Street  
WEST PERTH WA 6005


Dear Sirs

**DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS  
OF HITEC ENERGY LIMITED**

As lead auditor of Hitec Energy Limited for the period ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully  
BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls  


Glyn O'Brien  
Director

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