

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 2006

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 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A
Revenues from ordinary activities	up /down	89%	to	81,534
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	up /down	465%	to	(458,492)
Profit (loss) from ordinary activities after tax attributable to members	up /down	465%	to	(458,492)
Net profit (loss) for the period attributable to members	up /down	465%	to	(458,492)

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)	0.0002
(b) Diluted EPS (if materially different from (a))	(0.0010)	0.0002
(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 +ordinary security	0.4 cents	0.5 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: 8 February 2007...
(~~Director~~/Company Secretary)

Print name:GREG LEDGER.....



HiTec Energy Limited

Half Year Report

31 December 2006

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Directors' Report

For the half year ended 31 December 2006

Your directors present their report on HiTec Energy Limited for the half year ended 31 December 2006.

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 2006 and 31 December 2006.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 11 of this report.

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

Dated 8 February 2007



ALAN SCOTT
Managing Director

Directors' Declaration

The directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 4 to 8 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 2006 and of its performance as represented by the results of its operations, changes in equity and its cash flows, 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 8 February 2007

Income Statement

For the half year ended 31 December 2006

	2006	2005
	\$	\$
Revenue from continuing operations		
Interest	58,686	13,494
Profit on sale of plant & equipment	-	683,947
Rent	3,600	4,350
Sundry income	19,248	40,753
	<hr/>	<hr/>
	81,534	742,544
Expenditure		
Administration	177,510	225,513
Business development	70,609	57,617
Depreciation	5,942	45,949
Employee benefits	312,060	318,490
Exploration	28,613	30,806
Patenting	651	2,994
Research & development	6,500	-
	<hr/>	<hr/>
	601,885	681,367
Profit (loss) before income tax	(520,351)	61,177
Income tax benefit	61,859	64,364
	<hr/>	<hr/>
Profit (loss) for the half year	(458,492)	125,541
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:		
Basic profit (loss) per share (cents)	(0.0010)	0.0002
Diluted profit (loss) per share (cents)	(0.0010)	0.0002

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

Balance Sheet

As at 31 December 2006

	<u>31 Dec 06</u>	<u>30 Jun 06</u>
	\$	\$
Current assets		
Cash and cash equivalents	1,779,536	2,522,557
Trade and other receivables	45,634	29,581
	<u>1,825,170</u>	<u>2,552,138</u>
Non-current assets		
Receivables	39,595	38,526
Property, plant and equipment	26,938	32,880
Other financial assets	1	1
	<u>66,534</u>	<u>71,407</u>
Total assets	<u>1,891,704</u>	<u>2,623,545</u>
Current liabilities		
Trade and other payables	29,549	307,850
Provisions	25,743	28,848
	<u>55,292</u>	<u>336,698</u>
Non-current liabilities		
Provisions	32,106	24,049
Total liabilities	<u>87,398</u>	<u>360,747</u>
Net assets	<u>1,804,306</u>	<u>2,262,798</u>
Equity		
Contributed equity	31,945,649	31,945,649
Reserves	59,000	59,000
Accumulated losses	(30,200,343)	(29,741,851)
Total equity	<u>1,804,306</u>	<u>2,262,798</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 2006

	Share Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2005	31,945,649	(29,276,448)	59,000	2,728,201
Profit (loss) attributable to members of the company	-	125,541	-	125,541
Balance at 31 December 2005	31,945,649	(29,150,907)	59,000	2,853,742
Balance at 1 July 2006	31,945,649	(29,741,851)	59,000	2,262,798
Profit (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

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 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
Cash inflow/(outflow) from operating activities		
Payments to suppliers and employees	(633,416)	(598,253)
Interest received	58,686	13,495
Rentals received	3,600	31,127
Research & development tax concession	61,859	64,363
	<u>(509,271)</u>	<u>(489,268)</u>
 Cash inflow/(outflow) from investing activities		
Proceeds from sale of plant & equipment	-	412,500
GST paid to ATO on plant & equipment sold	(233,750)	-
	<u>(233,750)</u>	<u>412,500</u>
 Net increase/(decrease) in cash and cash equivalents	(743,021)	(76,768)
 Cash and cash equivalents at start of the half year	<u>2,522,557</u>	<u>624,916</u>
 Cash and cash equivalents at end of the half year	<u>1,779,536</u>	<u>548,148</u>

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

Notes to Financial Statements

For the half year ended 31 December 2006

Note 1 Basis of preparation of the half year financial statements

The half year financial statements for the half year ended 31 December 2006 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 2006 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 interim financial report was approved by directors on 8 February 2007.

Note 2 Events subsequent to reporting date

Since 31 December 2006, 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. As such, all asset, liability, revenue, expense and cashflow information contained in these financial statements relates to a single unified activity which cannot be broken down by geographical area or product type.

Note 5 Dividends

No dividends have been paid or declared during the half year ended 31 December 2006.

Note 6 Equity securities issued

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



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Independent review report on the financial report to members of HiTec Energy Limited

We have conducted an independent review of the accompanying financial report of HiTec Energy Limited for the half-year ended 31 December 2006. The financial report comprises the balance sheet at 31 December 2006, and the income statement, statement of changes in equity, cash flow statement, summary of significant accounting policies and other explanatory notes, and the directors' declaration for the half year then ended.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standards in Australia and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 perform an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the *Corporations Act 2001*, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company and group, and have complied with the independence requirements of the *Corporations Act 2001*.

Horwath Audit (WA) Pty Ltd conducts its practice independently of all other firms of chartered accountants who are members of Horwath International in Australia



Statement

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 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

Dated the 8th day of February 2007.

HORWATH AUDIT (WA) PTY LTD

Horwath.
Glyn O'Brien

GLYN O'BRIEN
Director



Horwath Audit (WA) Pty Ltd

ABN 79 112 284 787

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8 February 2007

The Board of Directors
HiTec Energy Limited
Level 1, 30 Richardson Street
WEST PERTH WA 6005

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my half-year review of the financial report of HiTec Energy Limited for the half-year ended 31 December 2006 and in accordance with the provisions of the *Corporations Act 2001*.

As lead auditor 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 this review;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review.

Yours sincerely
HORWATH AUDIT (WA) PTY LTD

Horwath.

GLYN O'BRIEN
Director

Horwath Audit (WA) Pty Ltd conducts its practice independently of all other firms of chartered accountants who are members of Horwath International in Australia.