

HITEC INDUSTRIES AS – 2nd quarter 2007

Hitec Industries is an industrially motivated investment company focusing on value creation through organic and structural development of its investment portfolio.

Business activities

In June Hitec Industries entered into an agreement with Scandinavian Property Development ASA (“SPD”) for the sale of all the company’s shares held in Hinna Park AS. Net proceeds from the sale amounted to NOK 263,5 mill. In addition, a dividend of NOK 37,7 mill was received from Hinna Park prior to the sale. A net gain / income of NOK 165,4 mill from the sale / dividend has been recognised per June. Over the past 10 years, Hitec Industries has contributed to the development of Hinna Park from a shipyard and industrial area into an exciting area for commercial and residential property development.

Following the sale of Hinna Park, and in line with Hitec Industries’ policy towards the shareholders, a proposed dividend of NOK 15,- per share, totalling NOK 218,3 mill was declared in August.

Remora ASA reached an important milestone in June, when the steel cutting of HiLoad DP #1 commenced at Aibels yard in Haugesund, Norway. The steel cutting ceremony marks the transition from engineering and procurement activities to the construction phase of the project. Aibel will as part of this transition also take over the responsibility for the main equipment contracts related to the HiLoad DP #1. All main equipment contracts are secured, within budget and with delivery to take place within the planned milestones. The overall project is on track and within budget. Delivery is scheduled to take place after inshore testing end of summer 2008. More information about Remora is presented later in this report.

Early July, TORP Technology received the Draft Environmental Impact Statement (“Draft EIS”) from the US Coast Guard on the Bienville Terminal. A Public Hearing on the Draft EIS was also conducted in Alabama in July. Comments to the Draft EIS is due in August 2007 upon which the US Coast Guard will complete and issue the Final EIS. Final conclusion of the Bienville Terminal application is expected in the beginning of 2008.

A successful outcome of the Bienville Terminal application for TORP and to secure a contract for Remora’s first HiLoad DP unit are considered the most important value drivers for Hitec Industries the next 6 months.

Financial performance

INCOME STATEMENT	YTD Q2-07	FY 2006
Operating income	166,8	27,9
Operating expenses	4,9	11,0
Net operating loss/income	161,9	16,9
Net financial items	(2,2)	(1,0)
Net loss/income	159,7	15,9

BALANCE SHEET	Q2-2007	FY 2006
Fixed assets	0,2	0,1
Investment portfolio	237,7	342,6
Other current assets	3,6	1,4
Cash and bank	207,6	4,1
Total assets	449,1	348,2
Total equity	207,9	264,2
Dividend payable	218,3	14,5
Long-term loan	-	55,4
Other current liabilities	22,9	14,1
Total equity and liabilities	449,1	348,2

CASH FLOW STATEMENT	YTD Q2-07	FY 2006
Net income before taxes	159,7	15,9
Gain on sale of shares	(127,7)	(11,3)
Net change in working capital	6,6	2,8
Net cash flow from operations	38,6	7,4
Net cash flow from investments	234,8	(81,0)
Net cash flow from financing activities	(69,9)	4,3
Net change in cash and equivalents	203,5	(69,3)
Cash and equivalents at start of period	4,1	73,4
Cash and equivalents at end of period	207,6	4,1

Notes:

In accordance with the accounting principles for the group, portfolio companies are not consolidated.

All numbers in MNOK

Investment portfolio

The investment portfolio comprise the following companies. The investments are partly held through designated subsidiaries.

Company	Ownership	Net book value
TORP Technology AS	48,3 %	105,2
Remora ASA	28,5 %	92,2
Salem Automation Ltd	95,0 %	33,3
Cetix AS	80,0 %	2,8
Pleat AS	35,9 %	2,4
Other / loans / loss provision		1,8
Total MNOK		237,7

In each quarterly report one of our portfolio companies is presented in more detail. This quarterly report includes a presentation of Remora ASA.

Remora ASA

Remora ASA (www.remoratech.com) was incorporated in 2002 as a continuation of Hitec's more than 20 years experience within the oil service sector and marine offloading technology. The company has since its origin focused its business on development of the next generation of offshore loading technology for oil and gas. Following a share issue of NOK 420 mill in June 2006, Remora entered into a construction contract with Aibel for building of the first HiLoad DP vessel. The construction work will mainly be done at Aibel's yard in Haugesund and the delivery of the vessel is scheduled to take place end of summer 2008.

HiLoad DP is an L-shaped floating docking and offloading terminal with dynamic position keeping (DP) capabilities. The vessel enables loading of oil from a field installation, for example an FPSO (floating production vessel), to a regular tanker without any tanker rebuild needs. HiLoad DP accommodates any tanker, can operate at any oil field and in any water depth. This makes the concept ideal for operation within a ship owning model. The units are consequently offered to the market on a time charter/ bareboat basis. HiLoad DP provides significant cost advantages versus traditional offloading solutions in that the HiLoad DP replaces need for dedicated DP shuttle tankers, tug boats and traditional loading bouys. Further, it eliminates the need for upfront investments in offloading systems by offering flexible lease structures.

Main market areas for the HiLoad DP will be deepwater oilfield installations in West-Africa, South-America and Gulf of Mexico.

Future ambitions and historic returns

Hitec Industries AS was created from the demerger of HitecVision AS effective as of June 2005. The company is registered on the NOTC (Norwegian Over the Counter Market) and the increase in the quoted share price combined with dividends distributed would equal an annual return of approximately 52,8 % from June 05 until June 07. The ambition of Hitec Industries is to provide an annual average return to its shareholders of at least 20 %. The company has a dividend policy that aims to distribute a dividend upon all significant disposals. As a consequence, new equity will be raised as required when significant new investments are made.

For further information about Hitec Industries please visit our web-site on www.hitec-industries.com.