

Apeldoorn, February 2, 2010

## **HITT recovers sharply in second half of 2009**

**In 2009 HITT recorded revenue of €32.3 million (2008: €30.9 million). A net profit of €0.3 million was booked, nearly all related to discontinued operations (2008: €4.8 million; €3.7 million). The order book decreased in 2009 to €28 million. The second half of the year showed strong signs of recovery changing a net loss of €0.9 million in the first half into €1.2 million net profit in the second half of 2009.**

### **2009 review**

Despite the worldwide economic downturn, revenue increased over the year. However profitability decreased.

In the Traffic Systems segment, HITT secured orders for Aviation systems from existing customers on the international airports of Singapore, Taipei (Taiwan), Dublin (Ireland), Arlanda (Sweden), Copenhagen (Denmark), Helsinki (Finland), Oslo, Bergen and Stavanger (Norway), Amsterdam (Netherlands), Manchester (UK), Moscow Domodedovo (Russia) as well as from new customers on the international airports of Urumqi and Shanghai in China. Ongoing projects for the North Sea and for the airports of Mumbai, Chennai and Calcutta in India are progressing, although slower than anticipated. The projects for three airports in Turkey and the second airport of Shanghai progressed satisfactorily.

The Marine Systems division was affected mostly from the economic downturn. The largest order, through a Chinese main contractor, related to the port of Lobito (Angola). Another order in China was recorded for the port of Zhe Bei. The project for the Gulf of Kachchh in India has had delays since 2006, but started again recently. The projects for harbor management systems for the ports of Fremantle and Queensland, Australia were completed successfully. New orders were booked from several customers in the Caribbean and again from Australia.

The after-sales and customer support on completed projects worldwide, an important part of HITT's revenues, developed favorably as expected.

The Hydrography and Navigation segment remained stable, although the economic downturn is felt here also.

In 2009 order intake totaled approximately €26 million. The booking of higher revenues resulted in a smaller order book of €28 million at the end of the year including long-term contracts.

In anticipation of lower activity in air and vessel traffic projects HITT was forced to downsize staff in its Apeldoorn branch office per August 1, 2009.

### **Outlook**

Although HITT will feel the effect of the worldwide economic recession, activities in China continue to grow. Delays apparent in the Aviation market will propagate into 2010. Outstanding proposals for the Marine sector will hopefully lead to orders during 2010. In view of the uncertain situation in HITT's markets, management is cautiously optimistic for the year 2010.

### **Dividend**

Despite disappointing earnings, but taking into account the signs of improvement in the second half of 2009 combined with the strong financial position of HITT, management proposes to again pay a dividend of €0.14 per share or €657,000 in total. It underlines management's expectations for a further improvement.

### **Organization**

John van Asperen (52), Chief Financial Officer, who has dedicated 16 years to HITT, has decided to seek a new career challenge. He will step down as per the Annual General Meeting of Shareholders on March 3, next. The Supervisory Board is grateful for his many years of dedication and commitment to the company. He will be succeeded by Martin Schuiteman (37) who presently is HITT's Group Controller.

### **Management analysis**

#### **Notes to the income**

In 2009 revenue increased to €32.3 million (2008: €30.9 million), mainly as a result of the progress made on larger projects, involving larger quantities of materials used. The cost of materials and subcontracting increased from €11.5 million in 2008 to €14.2 million resulting in an added value decrease to €18.1 million (2008: €19.4 million). In the second half of 2009, added value was €0.2 higher than in the first half.

Also as a result of the reduction of staff in Apeldoorn, employee benefits expense decreased by 3% to € 13.1 million (2008: € 13.5 million). On a normalized basis, excluding the cost for reduction, employee benefits expense decreased by 8% from 2008 to 2009; and decreased 13% in the second half year compared to the first half year.

Product development that qualifies for capitalization, amount to € 1.8 million (2008: € 3.4 million) showing a slower pace. Depreciation and amortization expense (mainly amortization of product developments) decreased to € 2.4 million (2008: € 2.9 million) also due to less usage of capitalized assets in projects. Other expenses decreased slightly to € 4.4 million (2008: € 4.7 million) following tighter management of general expenses. Operating profit decreased to € 48,000 (2008: € 1.4 million) due to the lower added value on projects. The second half of 2009 showed sharp improvement of operating profit to € 1.3 million (2008H2: € 0.5 million) compared to the first half of 2009 with an operating loss of € 1.3 million (2008H1: € 0.9 million profit).

After finance costs and income tax, HITT recorded a net profit from continuing operations of € 47,000 (2008: € 1.1 million). The net result from discontinued operations, consisting of the earn-out on the disposal of shares of subsidiaries in 2008, amounted to € 0.3 million. The net profit for the year amounts to € 0.3 million (2008: € 4.8 million). The earnings per share amount to € 0.07 (2008: € 1.01).

### **Notes to the financial position**

The goodwill increased to € 1.1 million due to exchange rate differences. The capitalized development cost decreased by € 0.2 million to € 4.9 million. Trade and other receivables increased by € 0.5 million to € 12.3 million. On the liability side the Trade and other payables decreased by € 0.8 million to € 6.7 million including advance payments received of € 4.3 million (2008: € 2.9 million). As a result the level of working capital increased during the year. This development is related to the unfavorable payment schemes as well as the delays of the projects on the client's side.

Equity of € 16.6 million shows the financial strength of the company as it amounts to 62% of total assets. The provision for retirement benefits decreased to € 1.3 million (2008: € 1.5 million) due to the reduction of staff and lower interest rates.

### **Notes to the cash flow**

The cash flow from operating activities dropped to almost zero (2008: € 3.6 million), mainly due to the deteriorating working capital. € 2.0 million was invested in mainly product developments. In 2008 investing activities generated € 2.4 million, mainly related to the sales of subsidiaries. The cash outflow from financing activities, including the dividend payments over 2008 amounted to € 0.5 million (2008: 2.2 million). Net cash outflow therefore amounted to € 2.2 million (2008: € 2.2 million inflow). Including exchange rate differences, on balance cash decreased by € 1.8 million from € 8.5 million at the end of 2008 to € 6.7 million.

- Annexes:
  1. Consolidated statement of income
  2. Consolidated statement of financial position
  3. Consolidated statement of cash flows

### **Profile HITT**

HITT is a leading player in the worldwide markets for traffic management and navigation systems. The company develops technology aimed at safety enhancement and traffic flow improvement, whilst also enabling significant cost reductions in infrastructure and logistics. The core activities of HITT consist of developing and selling management & control systems and services for air and vessel traffic and hydro-graphic and navigation systems. In 2009 HITT booked revenue of € 32 million and a net profit of € 0.3 million. The number of staff at year-end 2009 was 161. HITT has been listed on Euronext Amsterdam NV since June 1998.

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## Consolidated statement of income

For the year ended December 31

x € 1,000; except per share data

		<b>2009</b>	<b>2008</b>
<b>Continuing operations</b>			
Revenue	8	32,296	30,917
Cost of materials and subcontracting		(14,230)	(11,498)
Employee benefits expense	9	(13,103)	(13,535)
Product development	10	1,755	3,124
Depreciation and amortization expense	11	(2,376)	(2,922)
Other expense	12	(4,367)	(4,698)
Operating profit (loss)		(25)	1,388
Finance costs and income	13	73	(1)
Profit (loss) before tax		48	1,387
Income tax expense	14	(1)	(337)
Profit (loss) from continuing operations		47	1,050
<b>Discontinued operations</b>			
Profit (loss) from discontinued operations	15	265	3,732
<b>Profit (loss)</b>		<b>312</b>	<b>4,782</b>
Attributable to:			
Owners of the parent		345	4,741
Non-controlling interests		(33)	41
		<b>312</b>	<b>4,782</b>
<b>EARNINGS PER SHARE</b>			
From continuing and discontinued operations:	16		
Basic		0.07	1.01
Diluted		0.07	1.01
From continuing operations:			
Basic		0.02	0.21
Diluted		0.02	0.21

## Consolidated statement of financial position

At December 31

		x € 1,000	2009	2008
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17		627	709
Goodwill	18		1,141	992
Development costs	19		4,898	5,103
Deferred tax assets	20		198	210
			<b>6,864</b>	<b>7,014</b>
<b>Current assets</b>				
Inventories			246	181
Trade and other receivables	21		12,335	11,788
Current tax assets	23		684	5
Derivative financial instruments	25		-	158
Cash and cash equivalents			6,661	8,502
			<b>19,926</b>	<b>20,634</b>
			<b>26,790</b>	<b>27,648</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Attributable to owners of the parent	26		16,478	16,415
Non-controlling interests			129	137
			<b>16,607</b>	<b>16,552</b>
<b>Non-current liabilities</b>				
Retirement benefit obligation	27		1,294	1,512
Deferred tax liabilities	28		875	824
Obligations under finance leases			47	-
			<b>2,216</b>	<b>2,336</b>
<b>Current liabilities</b>				
Trade and other payables	29		6,724	7,463
Current tax liabilities	30		699	826
Provisions	31		525	471
Derivative financial instruments	24		19	-
			<b>7,967</b>	<b>8,760</b>
			<b>10,183</b>	<b>11,096</b>
			<b>26,790</b>	<b>27,648</b>

## Consolidated statement of cash flows

For the year ended December 31

x € 1,000	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Operating profit (loss)	(25)	1,388
<b>Adjustments for:</b>		
Depreciation property, plant and equipment	360	356
Amortization development costs	1,823	2,504
Impairment development costs	193	163
Movement of working capital	(1,246)	(59)
Movement of retirement benefit obligation	(218)	(16)
Movement of provisions	50	(583)
<b>Cash generated from operations</b>	<b>937</b>	<b>3,753</b>
Interest paid	(44)	(65)
Income tax paid	(856)	(124)
<b>Cash flow from operating activities</b>	<b>37</b>	<b>3,564</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	(196)	(483)
Investments in product development	(1,755)	(3,356)
Disposal of property, plant and equipment	1	17
Disposal of subsidiaries	265	6,266
<b>Cash flow from investing activities</b>	<b>(1,685)</b>	<b>2,444</b>
<b>Financing activities</b>		
Dividend paid	(657)	(1,643)
Borrowings from banks	-	(19)
Payments of financial lease liabilities	(8)	-
Other loans	-	(625)
Interest received	126	128
<b>Cash flow from financing activities</b>	<b>(539)</b>	<b>(2,159)</b>
<b>Net in(de)crease in cash</b>	<b>(2,187)</b>	<b>3,849</b>
Cash at start of period	8,502	4,852
Effect of foreign exchange rate changes	346	(199)
<b>Cash at end of period</b>	<b>6,661</b>	<b>8,502</b>

This press release is based upon the annual accounts 2009 drawn up by the management and only concern part thereof. It has not been published yet according to legal regulations. Deloitte Accountants B.V. has issued an unqualified auditors' report. The annual accounts will be presented for approval to the Annual General Meeting on March 3, 2009.

\*\*\*End of press release\*\*\*