



## **Press Release**

Apeldoorn/The Netherlands, 7 February 2006

### **HITT records considerably higher turnover and increased net profit**

**In 2005 HITT booked a net result of EUR 1.3 million (2004: 1.2 million). The operating result increased to EUR 3.6 million (2004: EUR 2.8 million) on a turnover of EUR 24.6 million (2004: EUR 17.9 million). The substantially improved order intake in 2005 of approximately EUR 40 million provides a good basis for 2006. The figures in this release, including the comparative figures, are drawn up according to International Financial Reporting Standards (IFRS).**

## **Review 2005**

### ***Orders***

HITT strengthened its market position with an order intake of EUR 40 million. In the maritime sector, orders were secured for an extensive vessel traffic management system in the Gulf of Kachchh, India, and a permanent coastal surveillance system in the Netherlands Antilles following a temporary solution. Orders from Zeebrugge for the seaport and (precision) positioning and navigation systems underline HITT's leading position. HITT's navigation and communication systems, particularly for coastguard and work boats, have further penetrated the North American and Chinese markets.

An order for an air traffic management system for the airport of Cairo, Egypt, has given HITT entry to the Middle East. A long development process has led to new orders in the area of integration of weather radar data and information distribution for airport management.

### ***Technology***

A focused R&D program in the past few years strengthened HITT's technological position. Co-operation with universities and technology institutes has led to unique man-machine interface technology and strongly improved data fusion and new tracking algorithms. With the conversion of a loan into 51% of the shares in the Norwegian company Ad Navigation, HITT gained direct access to technology for highly accurate satellite navigation systems based on satellite data. As a consequence, HITT is now prepared for the Galileo era. HITT is also taking part in discussions with the Dutch government about innovations in the field of aviation.

### ***Running projects***

The internet initiative [www.aislive.com](http://www.aislive.com), for which HITT set up a joint-venture with Lloyd's Register Fairplay in 2004, was commercialized at the beginning of 2005. This service provides real time information for the international maritime community.

Good progress was made on the projects for the airports of Copenhagen in Denmark, the port of Cezidao in China, the prestigious project for the Yangshan container terminal in Shanghai and the coastal project in India. The system for the airport of Domodedovo, Moscow, Russia, was delivered and officially certified by the Russian authorities. HITT now is the only company licensed to implement these systems in Russia and the CIS countries without further certification. An order for the expansion of the air traffic control system for the airport of Shanghai, China, was successfully completed. A temporary coastal surveillance system for the Netherlands Antilles was completed in a record time of three months. A large order of portable nautical precision navigation systems in the Netherlands was completed. An innovative production platform electronic navigation charts was delivered to the satisfaction of a Dutch client.

## **Outlook**

HITT's well-filled order portfolio is a solid basis for the start of 2006. The strong technological position of the company will - as anticipated - once again translate into successes in the market, as a consequence of which it is expected that the turnover and net profit will improve further in 2006.

## Dividend

In view of the improved results for 2005 and the outlook for 2006, the management will propose at the general meeting of shareholders on March 29<sup>th</sup> 2006 to adjust the dividend policy from a bandwidth of 20%-30% to 30%-40%. The management consequently proposes a 10% higher dividend over 2005 of EUR 0.11 per share (2004: EUR 0.10) which is 40% share-out, at the top-end of the new policy.

## Notes to the result

As of 1 January 2005, HITT is required to report in accordance with International Financial Reporting Standards (IFRS). Comparative figures over 2004 have been restated in accordance with these standards.

HITT's turnover increased with 37% to EUR 24.6 million (2004: EUR 17.9 million). The direct margin increased with 14% to EUR 18.0 million (2004: EUR 15.8 million), reflecting the increased share of purchases to realize projects.

The organization costs increased to EUR 14.4 million (2004: EUR 13.0 million), mainly due to increased personnel costs resulting from increased activity. As a consequence, a 28% higher operating result before amortization of EUR 3.6 million (2004: EUR 2.8 million) was booked.

Under IFRS, new developments from research programs are capitalized and have added EUR 2.8 million (2004: 1.2 million) to intangible fixed assets in 2005. Amortization totalled EUR 2.1 million (2004: EUR 1.2 million). The trend is evidence of the company's strengthened development efforts over the past few years. After straight line depreciation of EUR 0.4 million, an operating result of EUR 1.2 million remains, equal to 2004.

After nil financial benefits (2004: EUR 0.1 million) and a tax benefit of EUR 0.1 million (2004: 0.1 million burden) mainly due to the decrease of a tax rate on deferred tax liabilities, a net profit remains of EUR 1.3 million (2004: EUR 1.2 million). This amounts to EUR 0.28 earnings per share (2004: EUR 0.26).

Of the net result, EUR 0.1 million (2004: EUR 0.3 million) is attributable to third parties equalling EUR 0.03 per share (2004: EUR 0.06) and EUR 1.2 million (2004: 0.9 million) to HITT shareholders equalling EUR 0.25 per share (2004: 0.20).

As a result of starting up projects, inventories – mainly work in progress – on the balance sheet increased to EUR 6.0 million (2004 EUR 1.5 million). This impacted the cash position.

Cash flow from operating activities amounted to EUR 2.0 million (2004: EUR 3.2 million) mainly resulting from the increased work in progress which was partly compensated by an increase in accounts payable, a decrease in accounts receivable and a decrease in taxes. Investments in (in) tangible fixed assets and the acquisition of Ad Navigation required EUR 3.3 million (2004: EUR 2.9 million). Financial activities required on balance EUR 0.8 million (2004: EUR 0.9 million) in which the payment of a constant dividend of EUR 0.5 million was the largest part. On balance, cash decreased from EUR 7.8 million to EUR 5.4 million.

## About HITT

HITT is a leading player in the worldwide niche 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 for air and vessel traffic and hydro-graphic and navigation systems. The former comprises 'Air Traffic Control', controlling traffic on airports, 'Vessel Traffic Management', traffic management and information systems for inland and seagoing traffic, 'Management Systems' for port authorities, pilots, towing services, transshipment and other service industries in ports and on airports and 'Technical Services' aiming at maintaining know-how and systems at customers. The latter comprises 'Hydro-graphic survey systems' for digital underwater terrain modelling; 'precision navigation systems' for piloting & docking and offshore construction work; 'navigation systems' for the fishing industry and automatic identification systems AIS and 'AIS Live.com' distributing ship based information to interested parties over the internet. HITT supplies software products and support services, and implements projects on a turnkey basis. As a main contractor, HITT supplies all required system elements such as sensors, communication equipment and computers. Subsequent to installation, HITT provides maintenance services throughout the lifetime of the system.

In 2005 HITT achieved a turnover of EUR 24.6 million and a net profit of EUR 1.3 million. The number of staff at year-end 2005 was 161. HITT has been listed on Euronext Amsterdam NV since June 1998.

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Encl: Condensed profit & loss statement, balance sheet and cash flow statement.

All amounts are in thousands of euros, except earnings per share

| <b>Condensed profit &amp; loss statement</b> | <b>2005</b>  |             | <b>2004</b>  |             | <b>2004</b>    |             |
|--|--------------|-------------|--------------|-------------|----------------|-------------|
|  |              |             | <b>IFRS</b>  |             | <b>NL-GAAP</b> |             |
| Operating income                             | 24,550       |             | 17,885       |             | 17,885         |             |
| Operating expenses                           | (20,909)     |             | (15,091)     |             | (17,429)       |             |
| Operating result                             | 3,641        |             | 2,794        |             | 426            |             |
| Amortization of intangible fixed assets      | (2,076)      |             | (1,189)      |             | (86)           |             |
| Depreciation of tangible fixed assets        | (390)        |             | (430)        |             | (430)          |             |
| Financial income and expense                 | 33           |             | 129          |             | 130            |             |
| Earnings before tax                          | 1,208        |             | 1,304        |             | 76             |             |
| Tax  | 112          |             | (90)         |             | 416            |             |
| <b>Net result</b>                            | <b>1,320</b> |             | <b>1,214</b> |             | <b>492</b>     |             |
| Shareholder entitlements / <i>per share</i>  | 1,151        | 0.25        | 934          | 0.20        | 283            | 0.06        |
| Minority share / <i>per share</i>            | 169          | 0.03        | 280          | 0.06        | 209            | 0.04        |
| <b>Net result / per share</b>                | <b>1,320</b> | <b>0.28</b> | <b>1,214</b> | <b>0.26</b> | <b>492</b>     | <b>0.10</b> |
| Outstanding shares                           | 4,694,158    |             | 4,694,158    |             | 4,694,158      |             |

| <b>Condensed balance sheet from December 31</b> | <b>2005</b>   |  | <b>2004</b>   |  | <b>2004</b>    |  |
|---|---------------|--|---------------|--|----------------|--|
|   |               |  | <b>IFRS</b>   |  | <b>NL-GAAP</b> |  |
| <b>ASSETS</b>                                   |               |  |               |  |                |  |
| <b>Fixed assets</b>                             |               |  |               |  |                |  |
| Intangible fixed assets                         | 6,670         |  | 5,538         |  | 1,472          |  |
| Tangible fixed assets                           | 1,013         |  | 993           |  | 993            |  |
| Financial fixed assets                          | 283           |  | 161           |  | 359            |  |
| <b>Current assets</b>                           |               |  |               |  |                |  |
| Inventories                                     | 6,004         |  | 1,482         |  | 441            |  |
| Receivables                                     | 3,893         |  | 4,907         |  | 4,907          |  |
| Cash  | 5,357         |  | 7,759         |  | 7,759          |  |
| <b>TOTAL</b>                                    | <b>23,220</b> |  | <b>20,840</b> |  | <b>15,931</b>  |  |
| <b>EQUITY, PROVISIONS AND LIABILITIES</b>       |               |  |               |  |                |  |
| Group equity                                    | 14,103        |  | 13,097        |  | 11,417         |  |
| Provisions                                      | 3,372         |  | 2,711         |  | 523            |  |
| Long-term liabilities                           | 201           |  | 441           |  | 594            |  |
| Short-term liabilities                          | 5,544         |  | 4,591         |  | 3,397          |  |
| <b>TOTAL</b>                                    | <b>23,220</b> |  | <b>20,840</b> |  | <b>15,931</b>  |  |

| <b>Consolidated cash flow statement</b> | <b>2005</b>  |  | <b>2004</b>  |  | <b>2004</b>    |  |
|---|--------------|--|--------------|--|----------------|--|
|   |              |  | <b>IFRS</b>  |  | <b>NL-GAAP</b> |  |
| Cash flow from operations               | 1,964        |  | 3,201        |  | 554            |  |
| Cash flow from investing                | (3,308)      |  | (2,944)      |  | (323)          |  |
| Cash flow from financing                | (884)        |  | (939)        |  | (913)          |  |
| Net cash flow                           | (2,228)      |  | (682)        |  | (682)          |  |
| Exchange rate differences               | (173)        |  | 2            |  | 2              |  |
| Cash at beginning of year               | 7,759        |  | 8,439        |  | 8,439          |  |
| <b>Cash at end of year</b>              | <b>5,357</b> |  | <b>7,759</b> |  | <b>7,759</b>   |  |

The above listed figures have not been subject to auditing.

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