

Press Release

Apeldoorn/The Netherlands, 5 February 2008

HITT records higher turnover but low net profit; dividend unchanged

In 2007 HITT recorded a net result of EUR 0.3 million after a provision for reorganisation of EUR 0.5 million (2006: 1.9 million). The revenues increased by 23% to EUR 34.4 million (2006: EUR 27.9 million), while the gross margin increased to EUR 23.1 million (2006: EUR 21.3 million). The order intake in 2007 of approximately EUR 33 million (2006: EUR 29 million) further strengthens the backlog and provides a solid basis for 2008. The management proposes to pay dividend of EUR 0.14 per share or EUR 0.7 million in total.

Review 2007***Overview***

In 2007 HITT has seen a strong increase in revenues, but a trailing profitability. The increase of revenues shows the continued ability of HITT to be successful in obtaining and executing orders in a growing niche market. The main reason for the decreasing profitability has been the price pressure on what can be seen as currently more or less standardized products. In order to win orders and to restore the margins and profitability HITT must remain innovative and on the cutting edge of technology. In 2007 considerable investments were made in new technology and new products in almost all of the product-market-combinations. These developments, in combination with a strong order portfolio at the end of 2007 make the management confident that profitability will be restored in 2008.

Orders

HITT further strengthened its market position with an order intake of EUR 33 million. Large orders were secured from existing customers on the international airports of Manchester (UK), Shanghai and Beijing (PRC), Oslo (Norway), Helsinki (Finland), Copenhagen (Denmark) and Cairo (Egypt) and from new customers on the international airports of Stavanger and Bergen (Norway) and Dublin (Ireland).

Marine orders in the Netherlands were received from Rijkswaterstaat for the River Waal at Tiel, Coastal Surveillance Centre and Port of Rotterdam; and in the PRC from Yangshan harbour in Shanghai.

Many smaller - but equally important - orders were received worldwide for hydrographic survey and precision navigation onboard ships. Harbour management systems are becoming an increasing part of the portfolio and the harbours of Amsterdam and Zeeland Seaports in the Netherlands and Queensland, Australia, ordered systems. The increasingly important after sales market for technical and operational support to delivered systems added to the backlog. 50% of the order intake came from outside the Netherlands.

Technology

A focused R&D program in the past few years added to HITT's technological position. Investments in new technology lead to remarkable results in 2007. HITT is participating in discussions with the Dutch government about innovations in the field of aviation and utilizes Canadian subsidies for innovative developments.

Running projects

Good progress was made on the projects for the airports of Frankfurt (Germany) and Changi (Singapore).

In the field of vessel traffic management systems the projects for Tiel (Netherlands) and Oil & Natural Gas Company (India) progressed well. The large project for the Gulf of Kachchh, India was further delayed as the construction company had to redesign constructions as a result of the tsunami late 2004. It is expected that the project will be delivered in the course of 2008. Good progress was booked on projects for harbour management systems in Queensland, Australia. The project for the harbour of Amsterdam was finalized to the satisfaction of the customer. The latter project was an intracompany effort of Klein, Canada and HITT Traffic, the Netherlands. QPS' products, like QINSy for Hydrographic survey and Qastor for maritime pilots, have become the de-facto world standard.

Organization

The strengthening of HITT's sales force progresses satisfactorily and will focus on streamlining commercial activities in order to optimize profitability. Several measures have been taken to strengthen HITT's presence in the Far East by adding commercial and project management activities to the maintenance activities of HITT(HK)Ltd.

Outlook

HITT's well-filled order portfolio is a solid basis for 2008. In order to remain at the cutting edge of technology and leadership in our niche market HITT must continue to invest in product and market development and maintain and attract highly qualified technical employees. HITT believes to be well positioned on these aspects and is confident that all ingredients are in place to increase profitability in 2008.

Dividend

Despite the results for 2007 and in view of the positive outlook for 2008, the management will propose to the general meeting of shareholders on 5 March 2008 to pay a dividend over 2007 of EUR 0.14 per share, equal to the dividend over 2006: EUR 0.14. This proposal equals 2.5 times net result.

Supervisory Board

As of the Annual General Meeting the Chairman of the Supervisory Board, Mr Dick Sinninghe Damsté, will resign after his 3rd term. As a successor Mr Albert Stroink will be proposed. It will be proposed to extend the Supervisory Board with a 4th member, acting as a financial expert. Mr Jan Vaandrager will be proposed for this position.

Notes to the income

HITT's revenue increased with 23% to EUR 34.4 million (2006: EUR 27.9 million). The higher revenue also attracted higher costs of raw materials and consumables used of EUR 11.3 million (2006: EUR 7.8 million). This resulted in a 8% higher gross margin in absolute terms, but in a decrease in margin as percentage of revenue of 9% due to price pressure on standardized products and the increased use of raw materials and consumables.

The employee benefits expense increased to EUR 12.4 million (2006: EUR 10.6 million), mainly due to a higher number of employees, salary increases and reorganisation costs. Depreciation and amortization expenses remained stable at EUR 3.1 million, reflecting the high development activity over the past years and subsequent amortization. Other operating expenses increased to EUR 6.9 million (2006: EUR 5.6 million) due to increased hiring of external professionals. On balance, a 66% lower operating profit of EUR 0.6 million (2006: EUR 1.9 million) was recorded.

After EUR 0.2 million finance cost (2006: EUR 0.1 million) and tax expense of EUR 0.2 million (2006: nil), a net profit of EUR 0.3 million remains (2006: EUR 1.9 million). This amounts to EUR 0.05 earnings per share (2006: EUR 0.40).

Of the net result, EUR 20 thousand (2006: nil) is attributable to third parties and EUR 0.2 million (2006: 1.8 million) to HITT shareholders.

Notes to the balance sheet

Capitalized development costs increased to EUR 7.0 million (2006: EUR 6.5 million) due to additional investments of EUR 3.0 million (2006: EUR 3.9 million) and amortization of EUR 2.7 million (2006: EUR 2.2 million). No impairment was recorded in 2007 (2006: EUR 0.4 million).

Trade and other receivables increased to EUR 16.3 million (2006: EUR 12.8 million) mainly due to an increase of amounts due from customers for the work in progress. Deferred tax liabilities decreased to EUR 1.5 million (2006: EUR 2.5 million) and current tax liabilities increased to EUR 1.1 million (2006: nil) due to the change of Dutch tax law changing the accounting for projects from the completed contract method to the percentage of completion method. Trade and other payables increased from EUR 6.6 million to EUR 11.9 million, mainly as a result of increased work in progress.

Notes to the cash flow

Cash flow from operating activities amounted to EUR 7.1 million (2006: EUR 4.1 million) mainly as a result from a more strict management of working capital, and reclassification of tax liabilities from deferred to current. The cash used in investing activities (EUR 3.4 million) mainly relates to expenditure on product development (2006: EUR 5.8 million including acquisition of Ican and Klein). Financial activities required on balance EUR 1.2 million (2006: EUR 1.0 million) in which the payment of a cash dividend of EUR 0.7 million (2006: EUR 0.5 million) was the largest part. On balance, cash increased by EUR 2.2 million from EUR 2.7 million to EUR 4.9 million.

About 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 2007 HITT achieved a revenue of EUR 34.4 million and a net profit of EUR 0.3 million. The number of staff at year-end 2007 was 178. 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.

Condensed consolidated income
for the year ending 31 December

x € 1,000	2007	2006
Continuing Operations		
Revenue	34,392	27,875
Other operating income	494	629
Changes in work in progress	(518)	595
Raw materials and consumables used	(11,258)	(7,770)
Gross Margin	23,083	21,329
Employee benefits expense	(12,353)	(10,653)
Depreciation and amortization expense	(3,149)	(3,135)
Other operating expenses	(6,885)	(5,622)
Operational profit (loss)	696	1,919
Finance benefits (cost)	(216)	(76)
Profit before tax	480	1,843
Income tax (expense) benefit	(208)	17
Profit for the year	272	1,860
Attributable to:		
Equity holders of the parent	252	1,866
Minority interests	20	(6)
	272	1,860
Earnings per share		
From continuing operations:		
Basic (based upon 4,694,158 shares)	5 cents	40 cents
Diluted (based upon 4,856,666 aandelen)	5 cents	38 cents

Condensed consolidated balance sheet
at 31 December

x € 1,000	2007	2006
ASSETS		
Non-current assets		
Equipment	763	844
Goodwill	2,045	2,281
Development costs	6,989	6,513
Deferred tax assets	240	298
	<u>10,037</u>	<u>9,936</u>
Current assets		
Inventories	107	237
Trade and other receivables	16,338	12,766
Tax receivables	119	916
Derivative financial instruments	633	265
Cash and cash equivalents	4,852	2,719
	<u>22,049</u>	<u>16,903</u>
	<u>32,086</u>	<u>26,839</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	1,173	1,173
Share premium reserve	4,848	4,848
Legal reserve	6,989	6,513
Translation reserve	425	197
Hedging reserve	(632)	(867)
Retained earnings	700	1,581
	<u>13,503</u>	<u>13,455</u>
Equity attributable to equity holders of the parent	13,503	13,455
Minority interests	129	105
	<u>13,632</u>	<u>13,550</u>
Non-current liabilities		
Retirement benefit obligation	1,528	1,554
Deferred tax liabilities	1,468	2,486
Other liabilities	1,393	1,683
Liability for share-based payments	-	47
	<u>4,389</u>	<u>5,770</u>
Current liabilities		
Trade and other payables	11,876	6,622
Current tax liabilities	1,075	-
Obligation under finance leases	-	201
Other liabilities	61	105
Provisions	1,053	591
	<u>14,065</u>	<u>7,519</u>
	<u>18,454</u>	<u>13,289</u>
	<u>32,086</u>	<u>26,839</u>

Condensed consolidated cash flow statement
for the year ended 31 December

x € 1,000	2007	2006
Net cash from operating activities	7,080	4,052
Purchase of equipment	(358)	(721)
Expenditure on product development	(3,002)	(3,961)
Acquisition of subsidiary	-	(1,106)
Net cash(used in) from investing activities	(3,360)	(5,788)
Dividends paid	(657)	(516)
Repayments of borrowings	(290)	(6)
Repayments of obligation under finance leases	(212)	(163)
Adjustments prior periods	-	(348)
Interest received	9	29
Net cash (used in) from financing activities	(1,150)	(1,004)
Net in(de)crease in cash	2,570	(2,740)
Cash at 1 January	2,719	5,357
Effect of foreign exchange rate changes	(437)	102
Cash at 31 December	4,852	2,719

This press release is based upon the annual accounts 2007 drawn up by the management and only concern part thereof. It has not been published yet according to legal regulations. It is expected that BDO CampsObers Audit & Assurance B.V. will issue an unqualified auditors' report, once the audit is completed. The annual accounts will be presented for approval to the Annual General Meeting on 5 March 2008.

End of press release