

SEMI ANNUAL REPORT 2008

Apeldoorn, August 5, 2008

HITT increases operational profit

In the first half year HITT recorded revenues of EUR 13.1 million (1H2007: EUR 14.8 million) and an operational net profit of EUR 0.6 million (1H2007: loss EUR 0.2 million) added to a one-off result of EUR 3.6 million from the sale of subsidiaries. The order book increased to EUR 34 million. Management maintains its expectation of higher profit for continued operations over 2008 compared to 2007.

First half year 2008 review

In the field of Aviation HITT has secured orders from existing and content clients of the airports of Amsterdam, Stockholm, Copenhagen, Helsinki, Munich and Shanghai and received orders from new customers in Spain and from the authorities of three airports in India.

Ongoing projects for the coverage of low flying traffic over the North Sea and for the airports of Cairo, Oslo, Beijing and Singapore are progressing well.

In the field of Marine Systems the largest order received concerned the replacement of the radars and subsequent system adaptations for the Scheldt Radar Chain in the Netherlands. The Waddenzee system was upgraded. The project for the Gulf of Kachchh in India suffered from delays since 2006, but has recently restarted as the Indian constructor is completing the towers which will house HITT's equipment. Harbour management projects for Queensland, Australia and Port Everglades, USA progressed well.

The after sales and customer support on completed projects worldwide developed as expected. This part of HITT's activities is becoming more important.

In the first half of 2008, order intake totalled approximately EUR 22 million and the order book increased from EUR 25 million to EUR 34 million, including some long-term contracts.

In February 2008, HITT concluded the disposal of its 50% participating share in the joint venture AIS Live to the other shareholder Lloyd's Register - Fairplay of Redhill, United Kingdom. At the annual general meeting the President of the Supervisory Board stepped down according to schedule after his 3rd term. Two new supervisory directors were appointed. In April 2008, a new managing director of Klein Systems of Vancouver, Canada was appointed. In June 2008, HITT concluded the disposal of its 100% participating share in Ican Ltd of St. John's, Canada to CNS Systems AB of Linköping, Sweden.

In 2008 a dividend over 2007 of EUR 0.7 million was paid out. Following the disposal of AIS Live an interim dividend over 2008 of EUR 0.9 million was paid out.

Outlook

Barring unforeseen circumstances the management maintains its expectation of February 2008 of an increase of profit for continued operations for the year compared to 2007.

Management analysis

Notes to the results

Comparative figures have been adjusted to reflect the disposal of subsidiaries. In this first half year HITT's revenue decreased to EUR 13.1 million compared to the first half of 2007 (1H2007: EUR 14.8 million), mainly due to another ratio between revenues from vessel and air traffic projects (air traffic share increased from 25% to 33% of revenue, vessel traffic share decreased from 50% to 33% of revenue). Air traffic projects tend to require less purchased goods and subsequently generate lower revenue. Raw materials and consumables used, predominantly purchased goods for projects, consequently decreased from EUR 7.1 million in the first half year of 2007 to EUR 3.7 million.

Employee benefits expense increased slightly to EUR 6.1 million (1H2007: EUR 6.0 million). Depreciation and amortization expense increased to EUR 1.4 million (1H2007: EUR 1.2 million) following a high level of capitalized development costs over the past years. Other operating expenses decreased slightly to EUR 2.2 million (1H2007: EUR 2.3 million). As a result the operating result increased significantly to EUR 0.9 million (1H2007: EUR 0.2 million loss). After finance cost and income tax HITT recorded a net profit from continuing operations of EUR 0.6 million (1H2007: EUR 0.2 million loss). The net result from discontinued operations, consisting of normal operations for these discontinued activities plus the gain on the disposal of shares amounted to EUR 3.6 million. The profit for the period therefore amounts to EUR 4.2 million (1H2007: EUR 0.2 million loss). The resulting earnings per share amount to EUR 0.90 (1H2007: EUR 0.05 loss).

Notes to the balance sheet

The goodwill decreased from EUR 2.0 million at the end of 2007 to EUR 1.1 million as a result of the disposal of Ican. The capitalized development cost decreased on balance by EUR 2.6 million to EUR 4.4 million mainly due to the disposal of Ican. Trade and other receivables increased by EUR 1.7 million to EUR 13.9 million, including work in progress of EUR 9.4 million (2007: EUR 6.7 million). Trade and other payables decreased by EUR 2.9 million mainly because some significant suppliers were paid in January. The level of working capital is relatively high, mainly as a result of the significant delay in the project in India. It is expected to decrease significantly as this project starts up again.

The legal reserve covers capitalized development costs of the Dutch subsidiaries, and therefore follows movements of that balance sheet item. EUR 1.4 million of non-current other liabilities in 2007 consisted of earn-out considerations to former shareholders of Ican and accrued repayments of grants by Ican. These liabilities were settled at the disposal of Ican.

Notes to the cash flow

The cash outflow from operating activities on balance amounted to EUR 3.7 million, mainly due to decreased payables in the first half year. Investments in fixed assets, inclusive of investments by disposed subsidiaries, decreased to EUR 1.5 million (1H2007: EUR 2.0 million) mainly due to the high level of product developments in former periods decreasing to normal levels. The cash flow from the disposal of subsidiaries amounted to EUR 6.2 million, consisting of the consideration received of EUR 7.0 million less the cash sold and less advisory costs. The cash flow from financing activities, including the dividend payments of EUR 1.6 million, amounted to EUR 2.2 million (1H2007: 0.6 million). The existing credit line with banks was not used (1H2007: 1.4 million). On balance cash decreased by EUR 1.1 million from EUR 4.8 million at the end of 2007 to EUR 3.7 million.

- Annexes:
1. Condensed consolidated income statement
 2. Condensed consolidated balance sheet
 3. Condensed consolidated statement of changes in equity
 4. Condensed consolidated cash flow statement
 5. Notes to the condensed financial statements
 6. Review report

Condensed consolidated income statement

for the period ending June 30, 2008

	x EUR 1,000	Note	Six months ending	
			6/30/08	6/30/07
Continuing operations				
Revenue		3	13,098	14,832
Other operating income			101	47
Product development			987	1,566
Raw materials and consumables used			(3,715)	(7,123)
Employee benefits expense			(6,080)	(6,034)
Depreciation and amortization expense			(1,352)	(1,205)
Other operating expenses			(2,177)	(2,328)
Operating profit (loss)			862	(245)
Finance cost			(91)	(149)
Profit before tax			771	(394)
Income tax (expense) benefit		4	(179)	163
Result from continuing operations			592	(231)
Discontinued operations				
Result from discontinued operations		5	3,633	71
Profit for the period			4,225	(160)
Attributable to:				
Equity holders of the parent			4,206	(236)
Minority interests			19	76
			4,225	(160)
Earnings (loss) per share				
		6		
x EUR 1				
From continuing and discontinued operations				
Basic (cents per share)			0,90	(0,05)
Diluted (cents per share)			0,90	(0,05)
From continuing operations				
Basic (cents per share)			0,12	(0,07)
Diluted (cents per share)			0,12	(0,07)

Condensed consolidated balance sheet

x EUR 1,000	Note	6/30/08	12/31/07
ASSETS			
Non current assets			
Equipment		745	763
Goodwill	7	1,088	2,045
Development costs	8	4,402	6,989
Deferred tax assets		20	240
		6,255	10,037
Current assets			
Inventories		308	107
Trade and other receivables		13,942	12,273
Tax receivables		1,497	119
Derivative financial instruments		(10)	633
Cash and cash equivalents		3,729	4,852
		19,466	17,984
		25,721	28,021
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to equity holders of the parent		16,563	13,503
Minority interests		148	129
		16,711	13,632
Non-current liabilities			
Retirement benefit obligation		1,528	1,528
Deferred tax liabilities		991	1,468
Other non-current liabilities		0	1,393
		2,519	4,389
Current liabilities			
Trade and other payables		4,869	7,811
Current tax liabilities		484	1,075
Provisions		417	1,053
Other current liabilities		721	61
		6,491	10,000
Total liabilities		9,010	14,389
		25,721	28,021

Condensed consolidated statement of changes in equity

for the period ending June 30, 2008 x EUR 1,000	Share capital	Share premium reserve	Legal reserves			Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
			Development costs	Hedging	Translation				
Balance at January 1, 2007	1,173	4,848	6,513	197	(867)	1,581	13,445	105	13,550
Exchange differences arising on translation of foreign operations	-	-	-	(66)	117	46	97	4	101
Profit for the period	-	-	-	-	-	(163)	(163)	3	(160)
Total recognized income and expense for the period	-	-	-	(66)	117	(117)	(66)	7	(59)
Dividends paid	-	-	-	-	-	(657)	(657)	-	(657)
Legal reserve for capitalized developments	-	-	704	-	-	(704)	-	-	-
Balance at June 30, 2007	1,173	4,848	7,217	131	(750)	103	12,722	112	12,834
Balance at January 1, 2008	1,173	4,848	6,989	425	(632)	700	13,503	129	13,632
Hedging results	-	-	-	163	-	33	196	-	196
Exchange differences arising on translation of foreign operations	-	-	-	-	(238)	-	(238)	-	(238)
Net income recognized directly in equity	-	-	-	163	(238)	33	(42)	-	(42)
Profit for the period	-	-	-	-	-	4,206	4,206	19	4,225
Total recognized income and expense for the period	-	-	-	163	(238)	4,239	4,164	19	4,183
Dividends paid	-	-	-	-	-	(1,643)	(1,643)	-	(1,643)
Legal reserve for capitalized developments	-	-	(2,779)	-	-	2,779	-	-	-
Disposal of subsidiaries	-	-	-	-	539	-	539	-	539
Balance at June 30, 2008	1,173	4,848	4,210	588	(331)	6,075	16,563	148	16,711

Condensed consolidated cash flow statement

for the period ending June 30, 2008

	x EUR 1,000	Note	Six months ending	
			6/30/08	6/30/07
Net cash from operating activities			(3,486)	(61)
Purchase of equipment			(314)	(206)
Investment in product development			(1,218)	(1,840)
Acquisition of subsidiary			-	(238)
Proceeds from disposal of subsidiaries			6,139	-
Net cash from investing activities			4,607	(2,329)
Dividends paid to equity holders of the parent		9	(1,643)	(657)
(Repayment of) borrowings			(8)	1,319
(Repayment of) obligations under finance leases			-	(86)
Other non-current liabilities			(582)	-
Interest received			10	11
Net cash from financing activities			(2,223)	587
Net cash flow			(1,102)	(1,803)
Cash at January 1			4,852	2,719
Effect of foreign exchange rate changes			(21)	28
Cash at June 30			3,729	1,007

Notes to the condensed consolidated financial statements

for the period ended June 30, 2008

1. Basis of preparation

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

2. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain assets, provisions not consisting of tax liabilities and financial instruments.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2007.

Comparative figures

Comparative figures in the income statement have been adjusted to reflect the disposal of subsidiaries.

Reclassification

Invoiced amounts on work in progress have been reclassified in the balance sheet per December 31, 2007. The comparative figures have been changed accordingly. The reclassification has no impact on the income statement or equity in 2007. The effect is as follows:

x EUR 1,000	12/31/07		12/31/07
	Reported	Reclassification	Restated
Trade and other receivables	16,338	(4,065)	12,273
Trade and other payables	11,876	(4,065)	7,811

3. Segment information

The Group delivers to public corporations a group of related products and services mostly on a project basis. Based on the nature of projects, the Group distinguished revenue segmentation on a manual basis. The Group reports financial information on a one-segment basis due to the limited number of projects compared to total revenue and the nature of the market in which it operates.

x EUR 1,000	Six months ending			
	6/30/08		6/30/07	
	%	%	%	%
Aviation	4,318	33	3,688	25
Marine ashore	4,318	33	7,454	50
Marine onboard	2,502	19	3,489	24
Technical assistance	1,960	15	201	1
Revenue	13,098	100	14,832	100

4. Income tax (expense) benefit

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 25.5 per cent (6 months ended June 30, 2007: 25.5 per cent).

5. Acquisition and disposal of subsidiaries

Acquisition

No operations were acquired during the current period.

Discontinued operation

On February 11, 2008 the 50% participating share in AISLive of Redhill, UK and on June 6, 2008 the 100% participating share in Ican Ltd of St. John's, Canada together with its 100% subsidiary Ican Inc of Dallas, USA have been sold and are not included in the operational result for the period. The agreed additional earn-out

consideration on both disposals (maximum combined EUR 1.5 million) has not been accounted for due to the uncertainty in the fulfilment of the profitability requirements.

Discontinued operations are presented in accordance with IFRS 5. Results and cash flows of these discontinued operations in the comparative figures have been restated accordingly.

	x EUR 1,000	Six months ending	
		6/30/08	6/30/07
Discontinued operations			
Revenue		1,440	1,810
Expenses		(1,373)	(1,683)
Profit before tax		67	127
Income tax (expense) benefit		(33)	(56)
Profit for the period		34	71
Gain (loss) on disposal of subsidiary		3,483	-
Related income tax		116	-
Result from discontinued operations		3,633	71

The cash flows from discontinued operations were as follows:

	x EUR 1,000	Six months ending	
		6/30/08	6/30/07
Net cash flows from operating activities		(261)	746
Net cash flows from investment activities		(251)	(675)
Net cash flows from finance activities		(7)	-
		6,058	71

The total consideration received in cash for the sold participations in the period amounted to EUR 7.0 million.

The amount of the assets and liabilities of the sold participations, including goodwill and earn-out recognized on the parent's company balance sheet, were as follows at the disposal dates:

	x EUR 1,000
Non current assets	3,431
Current assets excluding cash	630
Cash	723
Non-current liabilities	1,895
Current liabilities	1,093

6. Earnings (loss) per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings per share	x EUR 1,000	Six months ending	
		6/30/08	6/30/07
Earnings used in the calculation of total basic earnings per share (profit for the period attributable to equity holders of the parent)		4,206	(236)
Profit for the period from discontinued operations		(3,633)	(71)
Earnings used in the calculation of basic earnings per share from continuing operations		573	(307)

Number of shares	x 1,000	6/30/08	6/30/07
Number of ordinary shares for the purpose of basic earnings per share		4,694	4,694
Effect of diluted potential ordinary shares		-	-
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Number of potential shares for the purpose of diluted earnings per share		4,694	4,694

Diluted potential ordinary shares as reported in earlier periods were related to earn-out considerations to former shareholders of Ican. By the disposal of the participating share in Ican the remaining earn-out consideration has been settled in cash.

7. Goodwill

Goodwill mainly relates to Klein Systems Group Ltd of Vancouver, Canada.

8. Development costs

	x EUR 1,000	2008	
Balance at January 1		6,989	
Additional investments		1,218	
Amortization		(1,261)	
Disposal of subsidiaries		(2,397)	
Foreign exchange		(1477)	
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Balance at June 30		4,402	

Development costs have been stated inclusive of investments, amortization and foreign exchange effects on developments costs of disposed subsidiaries until the date of disposal.

9. Dividends paid to equity holders of the parent

During the interim period, a total dividend of 35 cents (2007: 14 cents) per share was paid to the shareholders.

10. Contingencies and commitments

No significant changes have occurred in the current period.

11. Post balance sheet events

No significant events have occurred post balance sheet date.

12. Related party transactions

During the interim period there were no transactions between the Group and related parties other than remuneration of the Supervisory Board and the Management Board.

Apeldoorn, August 4, 2008

The Management Board

S. Jansen (CEO)

J.H.M. van Asperen (CFO)

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the 6 month period ended June 30, 2008 of HITT N.V., Apeldoorn, which comprises the balance sheet as at June 30, 2008, the profit and loss account, statement of changes in equity, cash flow statement and the selected explanatory notes for the 6 month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

August 4, 2008
Deloitte Accountants B.V.

A.J.E. Jansman RA