

Apeldoorn, September 1, 2009

## **HITT records loss in first half year, order book remains stable**

**In the first half of 2009 HITT recorded revenue of EUR 16.4 million (2008H1: EUR 13.1 million) and a net loss from continuing operations of EUR 0.9 million (2008H1: EUR 0.6 million profit). The order book slightly decreased to EUR 32 million.**

### **2009 half year review**

Revenue increased over the first HY despite the worldwide economic downturn. However, as this increase was in less profitable projects the net result has suffered. In the Traffic systems segment HITT has secured orders for Aviation systems from existing clients of the airport of Copenhagen and received orders from new customers in Shanghai and Urumqi in China. Ongoing projects for the monitoring and coverage of low flying traffic over the North Sea and for the airports of Mumbai, Chennai and Calcutta in India are progressing, but slower than anticipated. The projects for three airports in Turkey and the second airport of Shanghai progressed satisfactorily.

The Marine Systems division suffers most from the economic downturn. The largest order received through a Chinese main contractor concerned the port of Lobito (Angola). The project for the Gulf of Kachchh in India has had delays since 2006. The towers which will house HITT's equipment are now being completed. It is envisaged that HITT can restart work in the second half of 2009. The project for a harbor management system for the port of Fremantle, Australia nears completion. The project for Queensland ports was completed successfully.

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

The Hydrography and Navigation segment showed a relatively stable development, although the economic downturn has led to less orders.

In the first half of 2009, order intake totaled approximately EUR 15 million and the order book decreased slightly from EUR 33.2 million to EUR 32.0 million, including long-term contracts.

HITT had to lay off 10 staff in its Apeldoorn office (active on air and vessel traffic projects) effectively per August 1, 2009 due to forecasted lower activity in this specific area. A provision for restructuring costs of EUR 0.6 million is included in the first half year result of 2009.

### **Outlook**

HITT suffered from the worldwide economic recession, although activities in China continue to grow. Due to the uncertain situation in HITT's markets, management does not issue a forecast for the whole year.

### **Management analysis**

#### **Notes to the results**

In the first half of 2009 revenue increased to EUR 16.4 million (2008H1: EUR 13.1 million), mainly due to the progress made on larger projects, involving larger quantities of materials used. These purchased goods for projects, increased from EUR 3.7 million in 2008H1 to EUR 7.5 million. As a result the added value of projects decreased to EUR 8.9 million (2008H1: EUR 9.4 million).

Employee benefits expense increased by 19% to EUR 7.4 million (2008H1: EUR 6.1 million), mainly due to charge to the provision for reorganization for 10 staff made redundant in Apeldoorn, whereas in the 1<sup>st</sup> half year of 2008 part of a reorganization provision was released. Depreciation and amortization expense decreased on balance to EUR 1.2 million (2008H1: EUR 1.4 million) due to lesser usage of capitalized assets in projects. Other operating expenses increased slightly to EUR 2.5 million (2008H1: EUR 2.1 million) due to higher housing costs in Hong Kong and Norway. Operating result decreased therefore sharply to a loss of EUR 1.3 million (2008H1: EUR 0.9 million profit). After finance cost and income tax HITT recorded a net loss from continuing operations of EUR 0.9 million (2008H1: EUR 0.6 million profit). The net result from discontinued operations, consisting of the pay-out on the disposal of shares of subsidiaries amounted to EUR 15 thousand. The net loss for the period amounts to EUR 0.9 million (2008H1: EUR 4.2 million profit). The earnings per share amount to EUR 0.19 loss (2008H1: EUR 0.90 profit).

#### **Notes to the balance sheet**

The goodwill increased to EUR 1.1 million mainly due to exchange rate differences. The capitalized development cost decreased on balance by EUR 0.2 million to EUR 4.9 million. Trade and other receivables decreased on balance by EUR 0.9 million to EUR 10.9 million, including an increasing work in progress of EUR 7.0 million (2008: EUR 6.3 million). This increase is mainly the result of the inability to improve payment

schemes as well as delays in projects caused by customers not preparing their sites in time. Trade and other payables decreased by EUR 2.6 million to EUR 4.9 million including advance payments received of EUR 2.2 million (2008: EUR 2.9 million). As a result the level of working capital increased during the first half year.

The legal reserves cover capitalized development costs of the Dutch subsidiaries and foreign currency differences on cash flow hedges and translations.

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

The cash flow from operating activities improved to EUR 1.6 million outflow (2008H1: EUR 3.5 million outflow). The cash flow in 2008 was influenced negatively by the change of tax levy method by the authorities and a worsening of working capital. The cash flow from investing activities amounted to EUR 1.0 million outflow (2008H1: EUR 4.6 million inflow due to disposal of subsidiaries) mainly related to development of products. The cash outflow from financing activities, including the dividend payment over 2008 amounted to EUR 0.6 million (2008H1: 2.2 million). On balance cash decreased by EUR 2.9 million from EUR 8.5 million at the end of 2008 to EUR 5.6 million.

- Annexes:
1. Condensed consolidated statement of comprehensive income
  2. Condensed consolidated statement of financial position
  3. Consolidated statement of changes in equity
  4. Condensed consolidated statement of cash flows
  5. Notes to the condensed financial statements

### **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 2008 HITT achieved a revenue of EUR 34 million and a net profit of EUR 1.1 million. The number of staff at year-end 2008 was 167. HITT has been listed on Euronext Amsterdam NV since June 1998.

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## Condensed consolidated statement of comprehensive income

for the period ended June 30

|  |   | Six months period ended |                     |
|--|---|-------------------------|---------------------|
|  |   | 30-06-2009              | 30-06-2008          |
| x EUR 1,000; except per share data         |   |                         |                     |
| <b>Continuing operations</b>               |   |                         |                     |
| Revenue                                    | 4 | 16,361                  | 13,098              |
| Other operating income                     |   | 58                      | 101                 |
| Product development                        | 5 | 809                     | 987                 |
|  |   | <u>17,228</u>           | <u>14,186</u>       |
| Cost of materials and subcontracting       |   | -7,490                  | -3,715              |
| Employee benefit expenses                  | 6 | -7,390                  | -6,080              |
| Depreciation and amortization expenses     |   | -1,166                  | -1,352              |
| Other operating expenses                   |   | -2,487                  | -2,177              |
|  |   | <u>-18,533</u>          | <u>-13,324</u>      |
| Operating profit (loss)                    |   | <u>-1,305</u>           | <u>862</u>          |
| Finance costs and income                   |   | 55                      | -91                 |
| Profit (loss) before tax                   |   | <u>-1,250</u>           | <u>771</u>          |
| Income tax (expense) benefit               |   | 337                     | -179                |
| Profit (loss) from continuing operations   |   | <u>-913</u>             | <u>592</u>          |
| <b>Discontinued operations</b>             |   |                         |                     |
| Profit (loss) from discontinued operations | 7 | 15                      | 3,633               |
| <b>Profit (loss)</b>                       |   | <u><b>-898</b></u>      | <u><b>4,225</b></u> |
| <b>Other comprehensive income</b>          |   |                         |                     |
| Translation of foreign operations          |   | 102                     | -238                |
| Cash flow hedges                           |   | 139                     | 196                 |
| <b>Total comprehensive income</b>          |   | <u><b>-657</b></u>      | <u><b>4,183</b></u> |

Profit (loss) attributable to:

|                           |             |              |
|---------------------------|-------------|--------------|
| Owners of the parent      | -898        | 4,206        |
| Non-controlling interests | -           | 19           |
|                           | <u>-898</u> | <u>4,225</u> |

Total comprehensive income attributable to:

|                           |             |              |
|---------------------------|-------------|--------------|
| Owners of the parent      | -670        | 4,164        |
| Non-controlling interests | 13          | 19           |
|                           | <u>-657</u> | <u>4,183</u> |

### Earnings per share

8

From continuing and discontinued operations:

|         |       |      |
|---------|-------|------|
| Basic   | -0.19 | 0.90 |
| Diluted | -0.19 | 0.90 |

From continuing operations:

|         |       |      |
|---------|-------|------|
| Basic   | -0.19 | 0.12 |
| Diluted | -0.19 | 0.12 |

## Condensed consolidated statement of financial position

at June 30

|                                      | 30-06-2009    | 31-12-2008    |
|--------------------------------------|---------------|---------------|
| x EUR 1,000                          |               |               |
| <b>ASSETS</b>                        |               |               |
| <b>Non-current assets</b>            |               |               |
| Property, plant and equipment        | 771           | 709           |
| Goodwill                             | 1,058         | 992           |
| Development costs                    | 4,945         | 5,103         |
| Deferred tax assets                  | 215           | 210           |
|                                      | <u>6,989</u>  | <u>7,014</u>  |
| <b>Current assets</b>                |               |               |
| Inventories                          | 270           | 181           |
| Trade and other receivables          | 10,866        | 11,788        |
| Current tax assets                   | 441           | 5             |
| Derivative financial instruments     | 34            | 158           |
| Cash and cash equivalents            | 5,606         | 8,502         |
|                                      | <u>17,217</u> | <u>20,634</u> |
|                                      | <u>24,206</u> | <u>27,648</u> |
| <b>EQUITY AND LIABILITIES</b>        |               |               |
| <b>Equity</b>                        |               |               |
| Attributable to owners of the parent | 9             | 15,088        |
| Non-controlling interests            |               | 150           |
|                                      |               | <u>15,238</u> |
|                                      |               | <u>16,552</u> |
| <b>Non-current liabilities</b>       |               |               |
| Retirement benefit obligation        | 1,512         | 1,512         |
| Deferred tax liabilities             | 830           | 824           |
| Obligations under finance leases     | 56            | -             |
|                                      | <u>2,398</u>  | <u>2,336</u>  |
| <b>Current liabilities</b>           |               |               |
| Trade and other payables             | 4,853         | 7,463         |
| Current tax liabilities              | 752           | 826           |
| Provisions                           | 965           | 471           |
|                                      | <u>6,570</u>  | <u>8,760</u>  |
|                                      | <u>24,206</u> | <u>27,648</u> |

## Consolidated statement of changes in equity

for the period ended June 30

| Six months period ended June 2008 |               |               |                           |                  |                                   |                   |   |                           |               |
|-----------------------------------|---------------|---------------|---------------------------|------------------|-----------------------------------|-------------------|---|---------------------------|---------------|
| x EUR 1,000                       |               |               |                           |                  |                                   |                   |   |                           |               |
|                                   | Share capital | Share premium | Development costs reserve | Cash flow hedges | Translation of foreign operations | Retained earnings | Equity attributable to owners of the parent | Non-controlling interests | Group equity  |
| Balance at start of period        | 1,173         | 4,848         | 6,989                     | 425              | -632                              | 700               | 13,503                                      | 129                       | 13,632        |
| Profit (loss)                     | -             | -             | -                         | -                | -                                 | 4,206             | 4,206                                       | 19                        | 4,225         |
| Translation of foreign operations | -             | -             | -                         | -                | -238                              | -                 | -238  | -                         | -238          |
| Cash flow hedges                  | -             | -             | -                         | 376              | -                                 | 33                | 409   | -                         | 409           |
| Cash flow hedges tax effect       | -             | -             | -                         | -213             | -                                 | -                 | -213  | -                         | -213          |
| Total comprehensive income        | -             | -             | -                         | 163              | -238                              | 4,239             | 4,164                                       | 19                        | 4,183         |
| Movement of the legal reserve     | -             | -             | -2,779                    | -                | -                                 | 2,779             | -   | -                         | -             |
| Dividends                         | -             | -             | -                         | -                | -                                 | -1,643            | -1,643                                      | -                         | -1,643        |
| Disposal of subsidiaries          | -             | -             | -                         | -                | 539                               | -                 | 539   | -                         | 539           |
| <b>Balance at end of period</b>   | <b>1,173</b>  | <b>4,848</b>  | <b>4,210</b>              | <b>588</b>       | <b>-331</b>                       | <b>6,075</b>      | <b>16,563</b>                               | <b>148</b>                | <b>16,711</b> |

| Six months period ended June 2009 |               |               |                           |                  |                                   |                   |   |                           |               |
|-----------------------------------|---------------|---------------|---------------------------|------------------|-----------------------------------|-------------------|---|---------------------------|---------------|
| x EUR 1,000                       |               |               |                           |                  |                                   |                   |   |                           |               |
|                                   | Share capital | Share premium | Development costs reserve | Cash flow hedges | Translation of foreign operations | Retained earnings | Equity attributable to owners of the parent | Non-controlling interests | Group equity  |
| Balance at start of period        | 1,173         | 4,848         | 4,721                     | 15               | -424                              | 6,082             | 16,415                                      | 137                       | 16,552        |
| Profit (loss)                     | -             | -             | -                         | -                | -                                 | -898              | -898  | -                         | -898          |
| Translation of foreign operations | -             | -             | -                         | -                | 89                                | -                 | 89  | 13                        | 102           |
| Cash flow hedges                  | -             | -             | -                         | 207              | -                                 | -15               | 192   | -                         | 192           |
| Cash flow hedges tax effect       | -             | -             | -                         | -53              | -                                 | -                 | -53   | -                         | -53           |
|                                   | -             | -             | -                         | 154              | 89                                | -913              | -670  | 13                        | -657          |
| Movement of the legal reserve     | -             | -             | -197                      | -                | -                                 | 197               | -   | -                         | -             |
| Dividends                         | -             | -             | -                         | -                | -                                 | -657              | -657  | -                         | -657          |
| Disposal of subsidiaries          | -             | -             | -                         | -                | -                                 | -                 | -   | -                         | -             |
| <b>Balance at end of period</b>   | <b>1,173</b>  | <b>4,848</b>  | <b>4,524</b>              | <b>169</b>       | <b>-335</b>                       | <b>4,709</b>      | <b>15,088</b>                               | <b>150</b>                | <b>15,238</b> |

## Condensed consolidated statement of cash flows

For the period ended June 30

|  | Six months period ending |               |
|--|--------------------------|---------------|
|  | 30-06-2009               | 30-06-2008    |
| x EUR 1,000                                  |                          |               |
| <b>Cash flow from operating activities</b>   | <b>-1,647</b>            | <b>-3,486</b> |
| <b>Cash flow from investment activities</b>  |                          |               |
| Investments in property, plant and equipment | -161                     | -314          |
| Investments in product development           | -809                     | -1,218        |
| Disposal of property, plant and equipment    | -                        | -             |
| Disposal of subsidiaries                     | 15                       | 6,139         |
|  | <b>-955</b>              | <b>4,607</b>  |
| <b>Cash flow from finance activities</b>     |                          |               |
| Dividend paid                                | -657                     | -1,643        |
| Payments of financial lease liabilities      | -                        | -             |
| Other loans                                  | -                        | -582          |
| Interest received                            | 65                       | 10            |
|  | <b>-592</b>              | <b>-2,223</b> |
| <b>Net increase in cash</b>                  | <b>-3,194</b>            | <b>-1,102</b> |
| Cash at start of period                      | 8,502                    | 4,852         |
| Effect of foreign exchange rate changes      | 298                      | -21           |
| Cash at end of period                        | <b>5,606</b>             | <b>3,729</b>  |

## Notes to the condensed consolidated financial statements

For the period ended June 30

### 1) General information

HITT N.V. ('the Company') is a listed company incorporated in the Netherlands.

The company directly or indirectly owns the following subsidiaries as at June 30, 2009:

| <i>Company name</i>                               | <i>Place of establishment</i>         | <i>Percentage of ownership</i> |
|---|---------------------------------------|--------------------------------|
| HITT Holland Institute of Traffic Technology B.V. | Apeldoorn, The Netherlands            | 100.0                          |
| HITT (HK) Ltd.                                    | Hong Kong, People's Republic of China | 100.0                          |
| Quality Positioning Services B.V.                 | Zeist, The Netherlands                | 100.0                          |
| Quality Positioning Services Inc.                 | Houston, Texas, U.S.A.                | 100.0                          |
| Klein Systems Group Ltd.                          | Vancouver, British Columbia, Canada   | 100.0                          |
| Ad Navigation AS                                  | Sarpsborg, Norway                     | 51.0                           |

All amounts in these interim financial statements and notes thereto are presented in Euro x 1,000 unless mentioned otherwise.

### 2) Basis of preparation

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

### 3) 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 same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended December 31, 2008, except for the impact of the adoption of the Standards and Interpretations described below.

#### **IFRS 8 Operating Segments**

*(effective for annual periods beginning on or after 1 January 2009)*

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group.

#### **IAS 1 (revised 2007) Presentation of Financial Statements**

*(effective for annual periods beginning on or after 1 January 2009)*

The revised Standard has introduced a number of terminology changes and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

### 4) Segment information

Following the adoption of IFRS 8 Operating Segments, the Group has reconsidered reportable segments. In prior years the Group has reported its financial information on a one-segment basis, although the Group has reported its revenues on the basis of the types of goods and services supplied (i.e. Aviation, Marine Ashore, Marine onboard and Technical assistance).

The Group's reportable segments under IFRS 8 are as follows:

- Traffic (consisting of Aviation, Marine and Port Management systems)
- Hydrography and navigation

The financial information per segment is as follows:

|                         | Six months period ended<br>30-06-2009 |             | Six months period ended<br>30-06-2008 |             |
|-------------------------|---------------------------------------|-------------|---------------------------------------|-------------|
|                         | Traffic                               | Hydro & Nav | Traffic                               | Hydro & Nav |
| Revenue                 | 13,925                                | 2,436       | 10,355                                | 2,743       |
| Operating profit (loss) | 1,366-                                | 422         | 665                                   | 629         |
| Total assets            | 14,363                                | 3,142       | 17,433                                | 4,205       |

All of the segment revenue reported above is from external customers.

The operating profit (loss) per segment includes an allocation of central administration costs, directors salaries, and general and administrative costs.

| Reconciliation to the consolidated income statement: | Consolidated  | Consolidated |
|--|---------------|--------------|
| Operating profit (loss) of segments                  | 944-          | 1,294        |
| Shareholder and other costs                          | 361-          | 432-         |
| Operating profit (loss)                              | <u>1,305-</u> | <u>862</u>   |

#### 5) Product development and impairment

Impairment tests carried out regularly showed some developments with a shorter useful life and they were impaired accordingly in the six month period ended 2009. The total impaired amount is EUR 193 (comparative period 2008: nil). This amount is included in the depreciation and amortization expenses.

A further consequence of the outcome of impairment tests was that part of the product development costs needed to be expensed in 2009 in order not to exceed the estimated recoverable amount per June 30, 2009. The total amount of product development costs that have been expensed for this reason is about EUR 370.

#### 6) Reorganization

On April 23, 2009 a reorganization in Apeldoorn was announced where part of staff is made redundant. For this purpose a provision for restructuring costs of EUR 570 is included in the statement of financial position at June 30, 2009. Settlements are expected in the third quarter of 2009.

#### 7) Discontinued operations

The following subsidiaries were divested during 2008:

| <i>Company name</i> | <i>Place of establishment</i>    | <i>Percentage of ownership</i> |
|---------------------|----------------------------------|--------------------------------|
| AIS Live Ltd        | Redhill, United Kingdom          | 50.0                           |
| ICAN Ltd            | St. John's, Newfoundland, Canada | 100.0                          |
| ICAN Inc            | Dallas, Texas, USA               | 100.0                          |

The divested subsidiaries are presented as discontinued operations in accordance with IFRS 5.

The results for the relevant period were as follows:

|  | Six months period ended |               |
|--|-------------------------|---------------|
|  | 30-06-2009              | 30-06-2008    |
| Revenue                                    | -                       | 1,440         |
| Expenses                                   | -                       | <u>-1,373</u> |
| Profit (loss) before tax                   | -                       | 67            |
| Income tax                                 | -                       | <u>-33</u>    |
| Profit (loss)                              | -                       | 34            |
| Gain (loss) on disposal                    | 15                      | 3,483         |
| Attributable income tax                    | -                       | <u>116</u>    |
| Profit (loss) from discontinued operations | <u>15</u>               | <u>3,633</u>  |

The cash flow from discontinued operations were as follows:

|   |           |              |
|---|-----------|--------------|
| Net cash flows from operating activities  | -         | 102-         |
| Net cash flows from investment activities | 15        | 21-          |
| Net cash flows from financing activities  | -         | <u>6,283</u> |
|   | <u>15</u> | <u>6,160</u> |

Total consideration received for the sold participations in the first half year of 2008 amounted to EUR 7.0 million. The whole amount was received in cash. In addition HITT is entitled to an earn-out consideration, which is dependent of future profitability of the sold participations and amounts to maximum EUR 1.5 million. Based on current estimations of the likelihood of occurrence, the earn-out considerations were valued at zero at June 30, 2008.

During the second half year of 2008 an earn-out consideration of EUR 100 was received with regard to AIS Live. During the first half year of 2009, an earn-out consideration of EUR 15 was received with regard to ICAN's result in 2008.

Amount of assets and liabilities included in or referring to sold participations:

|                         |              |
|-------------------------|--------------|
| Fixed assets            | 3,431        |
| Current assets          | 630          |
| Cash                    | <u>723</u>   |
|                         | <u>4,784</u> |
| Equity                  | 1,795        |
| Non-current liabilities | 1,895        |
| Current liabilities     | <u>1,093</u> |
|                         | <u>4,784</u> |

No companies were acquired or sold during the current period.

## 8) Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the parent is based on the following data:



