

PRESS RELEASE

Regulated information

12 May 2011 - Release at 6 p.m.

Trading update for 1st quarter 2011

**Sales in Q1 2011 of EUR 43.2 million compared with EUR 32.0 million in Q1 2010.
Operating profit of EUR 1.4 million compared with operating loss of EUR 160,000 in Q1 2010.**

Net profit of EUR 1 million compared with a loss of EUR 752,000 for the same period in 2010.

Order book of EUR 73 million at end of Q1 2011 (71.2 million end-2010).

Connect Group NV (Euronext Brussels: CONN) announces for the 1st quarter of 2011 sales of EUR 43.2 million and an operating result of EUR 1.383 million positive. In the comparable 1st quarter of 2010 sales were just EUR 32.0 million as a result of the components crisis, with an operating result of EUR 0.16 million negative.

The positive sales and results trend that began in the 3rd quarter of 2010 continued into the 1st quarter of 2011.

The order book at the end of the first quarter amounted to EUR 73.0 million, compared with EUR 71.2 million at the end of 2010. This extremely high figure is explained by the fact that, following the 2010 components crisis and events in Japan, a number of customers have placed orders early in order to build in maximum security that components can be delivered on time. The order book is expected to reduce to a normal level in the coming months. Historically, the order book is approximately 1.5 quarters' sales.

Following the publication of the annual results for 2010 at the end of March 2010, all Connect Group bondholders decided to convert their bonds into shares. This increases the Connect Group's equity by EUR 5 million and reduces its financial debt by 5 million Euro. This conversion will result in the issuance of 3,355,600 new shares with the same rights as existing shares, bringing the total number of issued shares to 10,290,024. This conversion was carried out on 5 May 2011.

As a result of this conversion the shareholders' structure is as follows:

Shareholder name	Number declared	%
Huub Baren BVBA	2,166,155	21.05 %
QuaeroQ cvba	2,120,781	20.61 %
LRM NV	1,870,786	18.18 %
Luc Switten	426,369	4.14 %
Other below the reporting threshold	3,705,933	36.02 %
Total	10,290,024	100 %

Statement by the persons responsible for preparing the trading update

This trading update was drawn up under the responsibility of the management of Connect Group. The figures given in this statement have not been audited. This trading update does not contain all the information referred to in IFRS 34.

Condensed consolidated income statement for the three months to 31 March 2011 and 31 December 2010

<i>(in EUR 000)</i>	Q1 2011		Q1 2010		Y-t-d 2011		Y-t-d 2010	
Continuing operations								
Sales	43,184	100.0	32,024	100	43,184	100.0	32,024	100
Cost of sales	-37,073	85.8	-28,855	-90.1	-37,073	85.8	-28,855	-90.1
Gross profit	6,111	14.2	3,169	9.9	6,111	14.2	3,169	9.9
Research and development expenses	-334	-0.8	-329	-1.0	-334	-0.8	-329	-1.0
General and administrative expenses	-1,676	-3.9	-1,537	-4.8	-1,676	-3.9	-1,537	-4.8
Selling expenses	-1,769	-4.1	-1,703	-5.3	-1,769	-4.1	-1,703	-5.3
Other operating income / (expenses)	-949	-2.2	240	0.7	-949	-2.2	240	0.7
Operating result	1,383	3.2	-160	-0.5	1,383	3.2	-160	-0.5
Net financial charges / income	-377	-0.9	-586	-1.8	-377	-0.9	-586	-1.8
Profit/(loss) before taxes	1,006	2.3	-746	-2.3	1,006	2.3	-746	-2.3
Income taxes	-5	-0.0	-6	-0.0	-5	-0.0	-6	-0.0
Profit / (loss) from continuing operations	1,001	2.3	-752	-2.3	1,001	2.3	-752	-2.3
Discontinued operations								
Profit / (loss) from discontinued operations	0	0.0	0	0.0	0	0.0	0	0.0
Net profit / (loss)	1,001	2.3	-752	-2.3	1,001	2.3	-752	-2.3

Condensed consolidated balance sheet at 31 March 2011 and 31 March 2010

<i>(in EUR 000)</i>	31 March 2011	31 March 2010
Assets		
Current assets		
Cash and cash equivalents	312	45
Trade receivables	32,898	31,010
Other receivables	1,041	1,449
Inventories	36,657	31,996
Other current assets	146	208
Total current assets	71,054	64,708
Fixed assets:		
Other receivables	1,900	1,500
Deferred tax assets	1,500	1,562
Property, plant and equipment	10,730	13,778
Intangible assets	2,003	2,774
Goodwill	4,649	4,649
Total non-current assets	20,782	24,263
TOTAL ASSETS	91,836	88,971
Liabilities and equity		
Current liabilities:		
Bank loans and overdrafts	25,967	25,786
Current portion of long-term debt	3,400	1,041
Trade payables	25,437	25,811
Accrued expenses, payroll and related taxes and deferred income	8,362	7,855
Deferred tax liability	0	62
Provisions	378	1,508
Total current liabilities	63,544	62,063
Non-current liabilities		
Long-term debt less current portion (*)	13,127	12,167
Total non-current liabilities	13,127	12,167
Equity of the parent company - attributable to the shareholders of the group	15,165	14,741
TOTAL LIABILITIES AND EQUITY	91,836	88,971

(*) The non-current financial liabilities include the EUR 5 million subordinated loan that was converted to equity on 5 May 2011.

Condensed consolidated cash flow statement for the period from 1 January to 31 March 2011 and 1 January to 31 March 2010

<i>(in EUR 000)</i>	1-3 2011	1-3 2010
Operating profit / (loss)	1,383	-160
Adjustments for:		
Allowance for doubtful receivables and obsolete stock	972	50
Depreciation and amortization	926	984
Provisions	-101	-747
Cash flow before changes in working capital	3,180	127
Cash flow from change in working capital	-5,560	-9,225
Cash flow from operating activities	-2,380	-9,098
Income taxes	-5	-6
Exchange differences	75	0
Interest / Financial charges	-481	-586
Other	-158	-195
Net cash from/(used in) operating activities of continuing operations	-2,949	-9,885
Cash flows from/(used in) operating activities of continuing operations	-223	-679
Cash flows from/(used in) continuing operations	-3,172	-10,564
Cash flows related to activities of discontinued operations		
Cash flows from financing activities	3,405	10,482
Increase/(decrease) in cash and cash equivalents	-233	83

Connect Group

Connect Group offers cost-effective, high quality production services to the professional industry. Activities include the production of cables and cable trees, PCB assembly and testing, production of semi-manufactures and final product assembly.

Connect Group's references include companies such as Alstom, ASML, Atlas Copco, Atos, Barco and Philips.

The company currently employs around 1,700 people in various facilities in Europe. The company's shares are traded on NYSE Euronext Brussels: CONN (www.euronext.com).

Updated financial calendar

Announcements of first half 2011 results	11 August 2011
Announcement of Q3 2011 trading update:	10 November 2011

Investor Relations

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