

PRESS RELEASE

Regulated information

10 May 2012 - Embargo till 6 pm

Interim statement

Sales in Q1 2012 of EUR 41.6 million compared with EUR 43.1 million in Q1 2011.

Operating result in Q1 2012 of EUR 1.7 million compared with EUR 1.3 million in Q1 2011.

Net profit of EUR 1.3 million compared with EUR 1.0 million in the comparable period of 2011.

Order book of EUR 80 million at the end of Q1 2012 (72 million end-2011).

For the first 3 months of 2012 Connect Group posted net sales of EUR 41.6 million vs. 43.1 million in the first quarter of 2011. It should be noted that the Q1 2011 was an exceptionally good quarter in which the Group caught up on delivery delays caused by the component shortage in late 2010.

Net profit developed positively to EUR 1.3 million compared with EUR 1.0 million in the first quarter of 2011. The order book increased to EUR 80 million compared with EUR 70.7 million at the end of 2011. This increase is mainly due to the acquisition of the Halin group in the Netherlands in early 2012, which adds EUR 8 million to the order book.

From 1 January 2012, the Dutch group Halin is included 100 percent in the figures of Connect Group. Halin's sales during the first 3 months amounted to EUR 4.5 million, with a slightly positive net result. Immediately after the takeover, Connect Group set about integrating Halin. Halin companies were renamed Connect Group, and after a study it was decided to group all Connect Group activities in the buildings at Veldhoven, the Netherlands. This merger will be fully implemented and completed in 2012. Initially, the merger will result in limited additional costs and efficiency losses, but from 2013 the merger will provide a stronger commercial and operational entity in the Netherlands, able to fall back on the Connect Group production facilities in Romania and the Czech Republic in order to reduce production costs.

The current economic climate and the uncertainty of financial markets in Europe are playing an important role in demand for electronic components and systems. Clients defer orders but also ask for faster production starts. This calls for a high degree of employee flexibility and introduces a limited degree of inefficiency into the organization.

Based on the order book, Connect Group remains positive for the rest of the year. The group's financial position has been considerably strengthened by the capital increase in 2011 and the good results of 2011 and 2012. The financing through factoring provides sufficient space for the company to absorb all necessary working capital fluctuations.

Statement by the persons responsible for preparing the interim statement

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

In November 2012, the company will simplify the interim statement of the 3rd quarter results and no longer include a balance sheet, income statement and cash flow statement.

Condensed consolidated income statement for the three months to 31 March 2012 and 31 March 2011

<i>(in 000 Eur)</i>	Q1 2012		Q1 2011		Y-t-d 2012		y-t-d 2011	
Sales	41,606	100.0	43,184	100.0	41,606	100.0	43,184	100.0
Cost of sales	-35,936	-86.4	-36,975	85.8	-35,936	-86.4	-37,073	85.8
Gross profit	5,670	13.6	6,210	14.2	5,670	13.6	6,111	14.2
Research and development expenses	-361	-0.9	-334	-0.8	-361	-0.9	-334	-0.8
General and administrative expenses	-1,777	-4.3	-1,676	-3.9	-1,777	-4.3	-1,676	-3.9
Selling expenses	-1,859	-4.5	-1,769	-4.1	-1,859	-4.5	-1,769	-4.1
Other operating income	69	0.2	56	-0.1	69	0.2	56	-0.1
Other operating expenses	-1	0.0	-1,104	-2.6	-1	0.0	-1,104	-2.6
Operating result	1,741	4.9	1,383	3.2	1,741	4.9	1,383	3.2
Financial income	45	0.1	-483	-1.1	45	0.1	-483	-1.1
Financial charges	-475	-1.1	106	0.2	-475	-1.1	106	0.2
Profit / (loss) before taxes	1,311	3.2	1,006	2.3	1,311	3.2	1,006	2.3
Income taxes	0	0.0	-5	-0.0	0	0.0	-5	-0.0
Net profit / (loss)	1,311	3.2	1,001	2.3	1,311	3.2	1,001	2.3

Condensed consolidated balance sheet at 31 March 2012 and 31 March 2011

<i>(in 000 Eur)</i>	31 March 2012	31 March 2011
Assets		
Current assets:		
Cash and cash equivalents	542	312
Trade receivables	35,075	32,898
Other receivables	1,174	1,041
Inventories	38,524	36,657
Other current assets	108	146
Other current assets	75,423	71,054
Non-current:		
Other receivables from sale of discontinued activity	2,000	1,900
Deferred tax assets	1,500	1,500
Property, plant and equipment	10,312	10,730
Intangible assets	1,374	2,003
Goodwill	6,182	4,649
Total non-current assets	21,368	20,782
TOTAL ASSETS	96,791	91,836
Liabilities and equity		
Current liabilities:		
Bank loans and overdrafts	27,095	25,967
Current portion of long-term debt	3,519	3,400
Trade payables	25,890	25,437
Accrued expenses, payroll and related taxes and deferred income	7,719	8,362
Provisions	203	378
Other current liabilities	843	-
Total current liabilities	65,269	63,544
Non-current liabilities:		
Long-term debt less current portion	7,032	13,127
Derivative debt	-	-
Total non-current liabilities	7,032	13,127
Equity attributable to equity holders of the parent	24,490	15,165
TOTAL LIABILITIES AND EQUITY	96,791	91,836

**Condensed consolidated cash flow table for the period from 1 January 2012 to 31 March 2012
 and 1 January 2011 to 31 March 2011**

<i>(in 000 Eur)</i>	1-3 2012	1-3 2011
Operating profit / (loss)	1,741	1,383
Adjustments for:		
Allowance for doubtful receivables and obsolete stock	49	972
Depreciation and amortization	965	926
Provisions	-7	-101
Cash flow before changes in working capital	2,748	3,180
Cash flow from change in working capital	-3,065	-5,560
Cash flow from operating activities	-317	-2,380
Income taxes	0	-5
Exchange differences	-102	75
Interest / Financial charges	-344	-481
Other	-21	-158
Net cash from/(used in) operating activities	-784	-2,949
Cash flow from /(used in) investing activities	-822	-223
Cash flows resulting from acquisition Halin	-373	0
Cash flows from financing activities	1,778	3,405
Increase/(decrease) in cash and cash equivalents	-200	-233

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 like 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).

Update financial calendar

Announcement half-year results of 2012: 9 August 2012
 Announcement 3rd quarter results 2012: 8 November 2012

Investor Relations

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