
PRESS RELEASE

1st quarter 2010 results

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Kampenhout, 12 May 2010

- **Net loss of EUR 752,000 (EUR 380,000 in Q1 2009)**
- **Turnover of EUR 32 million (EUR 33.5 million in Q1 2009)**
- **Orderbook up from EUR 55 million at end-2009 to EUR 57 million at end-Q1 2010.**

These figures no longer show the effects of the automation activity. For the sake of comparability the 2009 figures have been restated, with the automation activity shown as a discontinued activity.

Obligations with regard to periodical information in accordance with the transparency guidelines in force since 1 January 2008

Declaration with respect to the information given in this report covering the 3 months ending on 31 March 2010

The undersigned declare that:

- *the quarterly financial statements, which are drawn up in accordance with the applicable standards for annual financial statements, give a true and fair view of the net assets, the financial situation and the results of the issuer and of the companies included in the consolidation;*
- *the report covering the three months ending on 31 March 2010 gives a true and fair overview of the development of the company's earnings and of the financial position of the issuer and of the companies included in the consolidation, and describes the main risks and uncertainties with which they are confronted.*

*Luc Switten CEO
Hugo Ciroux, CFO*

Management discussion and analysis of the results

Connect Group NV (Euronext Brussels: CONN) posted turnover of EUR 32.0 million in the first quarter of 2010 (Q1 2009: EUR 33.5 million). The operating result fell from kEUR 458 positive in Q1 2009 to a loss of kEUR 160 in Q1 2010. The net result after taxes for the first quarter was a loss of kEUR 752 compared with a loss of kEUR 380 in Q1 2009 of the continuing activity and kEUR 1,448 loss for the group in Q1 2009 (including automation activity).

The orderbook rose from EUR 55 million at end-2009 to EUR 57 million at the end of Q1 2010.

Luc Switten, CEO: "The first quarter of 2010 was difficult: positive aspects were a rise in the order book and a general increase in demand. On the other hand delays in components deliveries prevented us from converting the increased order book into effective turnover. We estimate that due to the lack of components in the first quarter we missed over EUR 2 million of turnover, with a direct impact on earnings.

We have made every effort to deliver on time to our customers, where possible purchasing the missing components on the open market at higher prices (brokering). The additional costs of brokering we cannot always, however, pass on to our customers, which has depressed earnings. The shortage of components has also meant less efficient use of production capacity (smaller production series, production line stoppages for conversion to other products), making wage costs higher than normal for the volume produced.

Until today we see no immediate improvement in the market for the availability of components. We are examining with our customers in how far they can provide us with longer-dated forecasts of their own needs, so as to give us optimal flexibility in the current uncertain component market."

Significant events in 2010

On 2 March 2010 the sale of the automation activity to its former founders, Huub Baren and Vladimir Dobosch was completed. The present figures no longer show the effects of the automation activity. For the sake of comparability the 2009 figures have been restated, with the automation activity shown as a discontinued activity.

On 27 April 2010 the Extraordinary General Meeting approved a EUR 5 million convertible subordinated bond under the following conditions: suspension of general preferential rights, a minimum investment of EUR 50,000, a term of 6 years, an interest rate of 6 percent payable semi-annually, and a twice-yearly conversion option (following publication of annual and half-yearly figures). The bonds will be convertible at the lower of : (i) 70% of the average highest independent bid price for a Connect Group share, in the central order book of Euronext, over the 30 trading days preceding the date of exercise and (ii) EUR 2.00

The issuance of this subordinated warrant loan in an amount of EUR 5,000,000 considerably improves the Connect Group's equity and cash position. This improvement of both the equity and the cash position was necessary, following the divestment of the automation activity at the end of 2009.

Income statement for the 3 months to 31 March 2010 and 31 March 2009

	Q1 2010		Q1 2009		Y-t-d 2010		Y-t-d 2009	
	000 EUR	%	000 EUR	%	000 EUR	%	000 EUR	
Turnover	32 024	100	33 528	100	32 024	100	33 528	
Cost of sales	-28 855	-90.1	-29 286	-87.3	-28 855	-90.1	-29 286	
Gross margin	3 169	9.9	4 242	12.7	3 169	9.9	4 242	
Research and development expenses	-329	-1.0	-337	-1.0	-329	-1.0	-337	
General and administrative expenses	-1 537	-4.8	-1 713	-5.1	-1 537	-4.8	-1 713	
Selling expenses	-1 703	-5.3	-1 772	-5.3	-1 703	-5.3	-1 772	
Other operating income/expense (net)	240	0.7	38	0.1	240	0.7	38	
Operating profit/(loss)	-160	-0.5	458	1.4	-160	-0.5	458	
Financial income/charges (net)	-586	-1.8	-837	-2.5	-586	-1.8	-837	
Profit/(loss) before taxes	-746	-2.3	-379	-1.1	-746	-2.3	-379	
Income taxes	-6	-0.0	-1	-0.0	-6	-0.0	-1	
<u>Operating profit/(loss) from continuing activity</u>	-752	-2.3	-380	-1.1	-752	-2.3	-380	
<u>Profit/(loss) of the discontinued activity</u>	0	0.0	-1 068	-3.2	0	0.0	-1 068	
<u>Profit/(loss) of the group</u>	-752	-2.3	-1 448	-4.3	-752	-2.3	-1 448	
Attributable to:								
Equity holders of the parent	-752	-2.3	-1 448	-4.3	-752	-2.3	-1 448	
Number of shares: 6,934,424								
Profit/(loss) per share in EUR	-0.12		-0.21		-0.12		-0.21	

Balance sheet at 31 March 2010 and 31 March 2009

	Q1	Q1
	31/03/2010	31/03/2009
	000 EUR	000 EUR
Intangible assets	2 774	942
Goodwill	4 649	4 649
Property, plant and equipment	13 778	17 615
Deferred tax assets	1 562	1 562
Amounts receivable after one year	2 000	0
Inventories and contracts in progress	31 996	32 161
Trade receivables	31 010	29 194
Other receivables	1 449	3 547
Cash, bank deposits and current investments	45	0
Other current assets	208	202
Total assets of the continuing activity	89 471	89 872
Total assets of the discontinued activity*	0	43 753
Total assets	89 471	133 625
Equity	14 741	40 791
Provisions	2 008	255
Deferred tax liability	62	62
Long-term financial debts	12 167	3 800
Bank loans and overdrafts	26 827	31 604
Trade payables	25 811	22 274
Other current liabilities	7 855	7 652
Total liabilities of the continuing activity	89 471	106 438
Total liabilities of the discontinued activity*	0	27 187
Total liabilities	89 471	133 625

* On 1 March 2010 the group still contained the automation activity. These activities were sold on 2 March 2010.

Cash flow from 1 January 2010 to 31 March 2010 of the continued activity

	2010
Operating profit/(loss) from continuing activity	-160
Adjustments for	
Valuation allowances on customer receivables and inventory	50
Depreciation	984
Provisions	-747
Operating cash flow before changes in working capital	127
Changes in working capital	-9 225
Cash flow from/(used in) operating activities	-9 098
Income taxes	-6
Financial income/(charges) (net)	-586
Other	-195
Net cash flow from/(used in) operating activities	-9 885
Investments in intangible and tangible fixed assets	-679
Cash flows from financing activities	10 482
Increase / decrease in cash position from the continued activity	83

Equity

	000 EUR
Equity at 31.12.2009	15 689
Net loss for the period 01.01.2010 to 31.03.2010	-752
Translation difference	-196
Equity at 31.03.2010	14 741
Attributable to:	
Equity holders of the parent	14 741
Minority interest	0

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.

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

Investor Relations:

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Financial calendar

Announcement of second quarter results: 12 August 2010

Announcement of third quarter results 10 November 2010
