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PRESS RELEASE
Regulated information

9 August 2012

Financial Report for the 1st half of 2012

Sales of EUR 79.9 million in the first half of 2012 compared to EUR 82.5 million in the first half of 2011.

Operating profit of EUR 2.7 million in the first half of 2012 (identical to that of the first half of 2011).

Net profit of EUR 1.9 million compared to net profit of EUR 2.2 million for the same period in 2011.

An order book of EUR 80 million at the end of the first half of the year (EUR 70.7 million at the end of 2011).

Connect Group NV (Euronext Brussels: CONN) posted sales of EUR 79.9 million for the first half of 2012, down 3 percent year over year. On 6th January 2012 the Dutch group Halin was acquired and incorporated in the income statement. If the Halin takeover is not taken into account, sales for the first 6 months of 2012 would be EUR 71.5 million (down 13 percent year over year). The decrease in sales for the first half of the year was partly due to exceptionally high sales during the first half of 2011, itself the result of a catching-up process following a period of component shortages during 2010. However, it is also explained by a general market slowdown and economic uncertainty, to which Connect Group as an electronics supplier is directly exposed.
Gross margin fell slightly from 14 percent in 2011 to 13.3 percent in 2012, mainly due to changes in the product mix. The increase in selling expenses and general and administrative expenses is entirely due to the Halin takeover. During the first half of 2011, a provision amounting to EUR 1.7 million was made for customer problems from the past (other operating expenses).
The operating result remained stable at EUR 2.7 million. On a directly comparable basis (without taking Halin into account), operating result was EUR 2.69 million (EUR 2.75 million in 2011). As expected, Halin made no contribution to net results during the first six months.
The net financial result remained practically unchanged. Finance charges fell considerably, dropping EUR 233,000 from EUR 889,000 to EUR 656,000 as a result of improved interest rates. By contrast, exchange rate losses rose sharply by EUR 242,000 due to the deterioration in the EUR/USD exchange rate.

In 2011, the company ended a tax dispute dating back to 2007, allowing it to reverse a tax provision of kEUR 310 and thus improving 2011 results by kEUR 310.

The order book at the end of the first half of 2012 was EUR 80 million compared with EUR 70.7 million at the end of 2011 (of the EUR 80 million, EUR 8.4 million is accounted for by Halin).

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The risk assessment can be found in the Annual Report and is available on the Internet (www.connectgroup.com).

The following represent the major risks for the company:

1. Given its subcontractor status, the group is dependent on the success of its customers. If customers' products are not successful on the market, this has a knock-on effect on the group.
2. Unavailability of components can result in sales delays. External factors may affect the availability of components.
3. Currency Risk:
   - The group buys a number of its components in dollars/yen. The accompanying exchange rate risk is only partially covered in the selling price.
   - With production taking place partly in Romania and the Czech Republic, any major fluctuations of these currencies against the Euro can impact costs.
   - Since foreign currency requirements cannot be accurately timed, the group does not cover its foreign currency positions.
4. The group has a credit agreement with its bankers. Should the group fail to meet the imposed credit conditions, the bankers may either terminate the credit agreement or tighten the lending conditions.

No significant events have occurred after the balance sheet date.

Significant events in first half year of 2012

In January 2012, the Dutch group Halin became fully integrated into Connect Group data. Halin's sales during the first half of the year amounted to EUR 8.4 million, with an operating result of kEUR 53. Immediately following the takeover, Connect Group embarked on the integration of Halin. The names of Halin companies were changed to Connect Group and, following a study, it was decided to centralize all Dutch-based Connect Group activities at the Veldhoven premises. The merger process will be completed during 2012. The merger is expected at first to lead to certain additional costs and efficiency losses but, from 2013 onwards, integration should result in a stronger commercial and operational entity in the Netherlands, in a position to leverage the Connect Group production plants in Romania and the Czech Republic to keep production costs down.

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1. Connect Group : Half year results 2012

These condensed interim consolidated financial statements together with the notes for the half year ending 30 June 2012 were not audited.

1.1 Condensed consolidated income statement on 30 June 2012 and 30 June 2011

(in 000 Eur)	H1 2012		H1 2011	
Sales	**79,917**	**100.0**	**82,528**	**100.0**
Cost of sales	-69,299	-86.7	-70,767	-85.7
Gross profit	10,618	13.3	12,455	14.3
Research and development expenses	-702	-0.9	-651	-0.8
General and administrative expenses	-3,528	-4.4	-3,322	-4.0
Selling expenses	-3,700	-4.6	-3,436	-4.2
Other operating income	85	0.1	100	0.1
Other operating expenses	-27	-0.1	-1,695	-2.1
Operating result	**2,746**	**3.4**	**2,757**	**3.3**
Financial income	98	0.1	270	0.3
Financial charges	-972	-1.2	-1,109	-1.3
Profit / (loss) before taxes	1,872	2.3	1,918	2.3
Income taxes	-	-	305	0.3
Net profit / (loss)	**1,872**	**2.3**	**2,223**	**2.6**
Attributable to				
Equity holders of the parent	1,872	2.3	2,223	2.6
Minority interest	-	-	-	-
Earnings per share				
Basic earnings / (loss) per share	0.18		0.21	
Diluted earnings / (loss) per share	0.18		0.21	

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Condensed consolidated statement of comprehensive income

(in ooo Eur)	H1 2012	H1 2011
Profit / (loss)	**1,872**	**2,223**
Total comprehensive income	**1,851**	**2,021**
Total comprehensive income attributable to:		
Equity holders of the parent	1,851	2,021
Minority interest	-	-

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1.2 Condensed consolidated balance sheet at 30 June 2012 and 31 December 2011

(in 000 Eur)	30 June 2012	31 December 2011
Assets		
Current assets:		
Cash and cash equivalents	417	743
Trade receivables	33,197	25,710
Other receivables	1,053	737
Inventories	38,154	34,390
Other current assets	107	109
Other current assets	**72,928**	**61,689**
Non-current:		
Other receivables	2,000	2,000
Deferred tax assets	1,500	1,500
Property, plant and equipment	9,905	9,614
Intangible assets	1,225	1,528
Goodwill	6,182	4,649
Total non-current assets	**20,812**	**19,291**
TOTAL ASSETS	**93,740**	**80,980**
Liabilities and equity		
Current liabilities:		
Bank loans and overdrafts	27,583	22,958
Current portion of long-term debt	2,317	2,439
Trade payables	23,870	19,868
Accrued expenses, payroll and related taxes and deferred income	7,271	5,886
Provisions	193	185
Other current liabilities	918	195
Total current liabilities	**62,152**	**51,531**
Non-current liabilities:		
Long-term debt less current portion	6,538	6,250
Total non-current liabilities	**6,538**	**6,250**
Equity attributable to equity holders of the parent	**25,050**	**23,199**
TOTAL LIABILITIES AND EQUITY	**93,740**	**80,980**

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1.3 Condensed consolidated statement of changes in equity

(in 000 Eur)	Number of shares out-standing	Capital	Legal reserve	Share premium	Profit /(loss) carried forward	Cumulative translation adjustment	Attributable to equity holders of the parent	Minortiy interest	Total
31/12/2010	**6,934,424**	**430**	**43**	**37,214**	**-23,396**	**30**	**14,321**	**-**	**14,321**
Net result of the year					2,223		2,223	-	2,223
Other comprehensive income				86		-202	-116		-116
Capital increase	3,355,600	208		4,792			5,000		5,000
30/06/2011	**10,290,024**	**638**	**43**	**42,092**	**-21,173**	**-172**	**21,428**	**-**	**21,428**

(in 000 Eur)	Number of shares out-standing	Capital	Legal reserve	Share premium	Profit /(loss) carried forward	Cumulative translation adjustment	Attributable to equity holders of the parent	Minortiy interest	Total
31/12/2011	**10,290,024**	**638**	**43**	**42,091**	**-19,661**	**88**	**23,199**	**-**	**23,199**
Net result of the year					1,872		1,872		1,872
Other comprehensive income						-21	-21		-21
Capital increase									
30/06/2012	**10,290,024**	**638**	**43**	**42,091**	**-17,789**	**67**	**25,050**	**-**	**25,050**

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1.4 Condensed consolidated cash flow statement for the period from 1 January 2012 to 30 June 2012 and 1 January 2011 to 30 June 2011

(in 000 Eur)	H 1 2012	H1 2011
Operating profit / (loss)	**2,746**	**2,757**
Adjustments for:		
Allowance for doubtful receivables and obsolete stock	-46	1,990
Depreciation and amortization	1,905	1,823
Provisions	-17	-104
Cash flow before changes in working capital	**4,588**	**6,466**
Inventories	-467	1,654
Trade receivables	-4,373	-3,677
Trade payables	1,570	-3,480
Accrued expenses, payroll and related taxes and deferred income	399	648
Other current assets	-216	27
Other payables	94	54
Cash flow from operating activities	**1,595**	**1,692**
Income taxes	-	305
Exchange differences	-218	24
Interest / Financial charges	-684	-919
Other	-21	-116
Net cash from/(used in) operating activities	**672**	**986**
Cash flow from investing activities		
Investments in intangible assets	-15	-11
Purchases of property, plant and equipment	-1,209	-603
Cash flows resulting from acquisition Halin	-373	-
Interests received	28	56
Cash flows from (used in) investing activities	**-1,569**	**-558**
Cash flows from financing activities		
Proceeds/(repayments) from long-term debts	-731	-1,251
Proceeds/(repayments) from current portion of long-term debt	-235	-883
Proceeds/(repayments) from bank loans and overdrafts	1,537	2,417
Net cash provided by financing activities	**571**	**283**
Increase/(decrease) in cash and cash equivalents	**-326**	**711**
Cash and cash equivalents at the beginning of the period	743	79
Cash and cash equivalents at the end of the period	417	790

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2. Notes to the condensed interim financial statements

2.1 Information about the company

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 annual results 2012	21 February 2013
Annual General Shareholders meeting 2013	23 April 2013

Investor Relations

Luc Switten	CEO
Hugo Ciroux	CFO

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2.2 Conformity declaration

These condensed interim consolidated financial statements together with the notes for the half year ending 30 June 2012 were not audited.

The condensed interim consolidated financial statements for the six months ended 30 June 2012 comprise the financial statements of the company and its subsidiaries (hereinafter referred to collectively as the "Group").

The condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. These statements do not contain all information necessary for a full financial statement and therefore should be read in conjunction with the consolidated annual financial statements for the period ended 31 December 2011, as published in the 2011 Annual Report to Shareholders.

These condensed interim consolidated financial statements were approved for publication by the Board of Directors on 6 August 2012.

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2.3 Seasonality

Seasonality is limited and can vary from year to year depending on market demand.
During the annual holiday period (July-August) there is reduced delivery.

2.4 Changes in accounting policies and presentation rules

Compared to the consolidated annual report as of December 31, 2011 the following new Standards and Interpretations now apply. Their adoption had no effect on the Group's financial position and its results:

In the unaudited interim consolidated financial statements, the same accounting principles have been followed as in the audited year-end consolidated financial statements at 31st December 2011. On 1st January 2012 the Group implemented the following mandatory IFRS changes:

- Changes to IFRS 7 financial instruments: provision of information;
- Deferred tax: realization of underlying assets (changes to IAS 12).

These altered standards had no significant impact on the Group's unaudited interim consolidated financial statements. The Group did not opt to implement new standards or changes at an earlier date.

2.5 Segment reporting

The group consists solely of the contract manufacturing activity, with no further segmentation.

2.6 Related party transactions

There are no significant related party transactions.

2.7 Acquisition of Halin

As of 6th January 2012, the Dutch group Halin became fully integrated into Connect Group data.
The takeover involves 3 Halin Group entities: Halin Group BV, Halin Electronics BV and Halin Industrial Solutions BV. The cost of the takeover was EUR1.1 million. The net assets of the acquired business break down as follows (in kEUR):

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Property, plant and equipment	686
Inventories	2,708
Trade receivables	3,106
Long-term financial debt	-1,089
Bank loans and overdrafts	-3,117
Trade payables	-1,694
Other current liabilities	-1,005
Provisions	-28
Net acquired liabilities	-433
Cost of acquisition	1,100
Purchased goodwill	1,533

Cash flow resulting from the Halin takeover is calculated as follows (in kEUR):

Acquisition price	1,100
Deferred payment	-625
Cash and cash equivalents acquired through takeover	-102
Net cash flow on acquisition	373

2.8 Income taxes

A tax dispute for which a tax provision of EUR 310k was recorded in 2007 has been settled. The reversal of this provision creates tax revenue in 2011.

3. Declaration of the responsible persons

The undersigned declare that:
- The condensed financial statements, drawn up in accordance with applicable accounting standards, give a true view of the assets, the financial situation and the results of the issuing company and of those companies included in the consolidation;
- the interim report gives a fair overview of important events and major transactions with related parties having occurred in the first six months of the financial year and their impact on the condensed financial statements, together with a description of the principal risks and uncertainties for the remaining months of the financial year.

Luc Switten, CEO
Hugo Ciroux, CFO