NEWAYS ELECTRONICS INTERNATIONAL N.V.

HALF YEAR REPORT 2015

Course of events in the first half year

Neways recorded net turnover of € 189.1 million in the first half of 2015, an increase of 41% (H1 2014: € 133.6 million). The increase was due to the consolidation of BuS Group as of July 2014. Organically, turnover was down 6%, largely due to the relatively strong comparable results in the first half of 2014. Compared to the second half of 2014, Neways recorded an 8% organic increase in turnover. The operating result was up 23% at € 5.2 million (H1 2014: € 4.2 million). The order book stood at € 163.0 million as at end-June 2015 (year-end 2014: € 155.9 million).

Operational developments

BuS Group

Neways began the process of integrating BuS Group in the first half of 2015. The acquisition of BuS Group in July 2014 has made Neways a top-5 player in the European EMS market and has given the company a strong position in the important German market. It also strongly improved the distribution the group's activities across market sectors. This was clearly visible in the first half of 2015, especially in the automotive market sector. BuS Group also adds new technological capacity and expertise and the opportunity to share best practices across the combined group, in fields such as component and system development, process innovation and production and supply chain management. We also expect the combination to increase purchasing power and create sourcing synergy opportunities. The combination can also benefit from Neways' local presence its existing production capacity in Asia, which will improve BuS Group clients' access to competitive and tailor-made solutions.

Start roll-out group-wide improvement programme

The existing group-wide improvement potential and the introduction of the improvement programme *'Up to the next level'*, of which the integration of BuS Group is part, will position Neways for future challenges. As part of this programme, a number of key priorities were identified, with various initiatives started up in the first half of the year, all of which will contribute to Neways' positioning as one-stop provider in the EMS market:

- *Strengthening Neways DNA and leadership*
  In 2015, Neways launched the DNA Leadership programme. This is a corporate culture programme developed for all Neways employees. The programme includes training courses for managers within the group, because they play a particularly critical role in the promotion and communication of Neways' DNA, in terms of how Neways wants to cooperate internally as a group and with its clients and suppliers.

- *Strengthening sales process*
  Neways serves clients on the basis of the one-stop provider principle. Neways often assumes responsibility for the entire product life cycle in the form of all-inclusive solutions. The more intense cooperation with clients requires a more integral role from Neways. As a result, the key account management role becomes more important and therefore a greater emphasis will be put on the development of market and client know-how.

- *Improvement operational performance operating companies*
  Continuous cooperation between the various operating companies boosts efficiency. Support from well-coordinated and standardised processes and an efficient supply chain will enable Neways to further improve the combined operational performance. To this end, lean enterprise methods are rolled out across the various operating companies.

- *Enhancing IT systems*
  In the second half of 2015, the first implementation of the new ERP system at Neways Advanced Applications (NAA) will start. The introduction of ERP will, among other things, help to optimise the exchangeability of operating companies' data in order to support shared clients more effectively. Following successful implementation at NAA, other operating companies will follow.

- *Optimisation purchasing and supply chain*
  Neways wants to realise a more intense cooperation with its suppliers. This is realised by a reduction of the number of suppliers and develop a relevant dependency, giving suppliers the opportunity to improve service levels. The strategy per sector is determined for which the know-how of suppliers contributes to a more efficient supply chain with added value.

Financial data

The gross margin came in 37% higher at € 75.6 million (H1 2014: € 55.1 million). As a percentage of turnover, the gross margin declined to 40.0% in the first half of 2015 (H1 2014: 41.2%). This was largely due to the changed mix following the addition of the BuS Group turnover.

The acquisition of BuS Group raised personnel expenses by 34% to € 52.1 million in the first half of 2015 (H1 2014: € 39.0 million). The average number of FTEs increased by 40% to 2,629 (H1 2014: 1,876), with around 74% of these employed in Western Europe (H1 2014: around 66%) and some 26% in Eastern Europe and Asia (H1 2014: around 34%). Other expenses (including office accommodation costs, production costs and cost of sales) increased to € 14.3 million in the first half of 2015 (H1 2014: € 1.6 million), also as a result of the acquisition of BuS Group.

Operating expenses as a percentage of turnover fell to 36.9% (H1 2014: 38.1%) on the back of cost savings and efficiency improvements introduced.

Shareholders' equity increased by 6.5% to € 70.3 million at end-June 2015 (year-end 2014: € 66.0 million). The guaranteed equity (including the subordinated convertible bond loan of € 5 million) was € 75.3 million). The solvency (guaranteed equity / total equity) stood at 40.0% at end-June 2015 (year-end 2014: 40.5%). Corrected for the capitalised deferred tax claim and intangible fixed assets, solvency came in at 33.6% and therefore met the banks' solvency requirement of 32.5%.

Net cash flow came in at € - 5.5 million in the first half of 2015 (H1 2014: € - 18.5 million). The improvement was largely due to a reduced utilization of funds from provisions and lower build up working capital.

Risk factors and uncertainties with potential effect in the second half year 2015
This reporting system and the key risks identified are explained in the risk section of the 2014 annual report, on pages 71-75. The risks described also apply to the second half of 2015.

Outlook
In the second half of 2015, the emphasis will be on the roll-out of the group-wide improvement programme 'Up to the next level' started in the first half year, aimed at shaping the Neways' one-stop provider model.

In financial terms, Neways remains in a good starting position for the full-year 2015. This enables Neways to anticipate market developments and constantly respond to changing market sentiments.

Based on the order book of € 163.0 million at end-June 2015 (year-end 2014: € 155.9 million) and feedback from clients, Neways is confident that the first half of the year is a good indicator for business levels in the second half of 2015.

Directors' statement regarding financial reporting
The Executive Board of Directors of Neways Electronics International N.V. confirm that to their knowledge that,

- the half year figures 2015 give a true and fair view of the assets, liabilities, financial position as of 30 June 2015 and the results of Neways Electronics International N.V. and the consolidated group companies in the first half year 2015;
- the half year report gives a true and fair review of the situation on 30 June 2015, the developments of Neways Electronics International N.V. during the first half year 2015, its related group companies which have been included in the consolidated half year figures and describes the significant risks and uncertainties with which the Company is confronted in the second half of 2015 and the most important transactions with related parties.

Son (the Netherlands), 26 August 2015

Huub van der Vrande	Paul de Koning	Adrie van Bragt
CEO	CFO	COO

HALF YEAR RESULTS 2015

Consolidated Statement of Realised and Unrealised Results

Amounts x € 1.000	First half year 2015	First half year 2014
Turnover sale of goods	189,121	133,595
Change in work in progress and finished products	1,228	574
Costs of materials	-114,691	-79,102
Personnel costs	-52,129	-38,947
Depreciations	-3,980	-1,605
Other operating expenses	-14,365	-10,300
Operating result	**5,184**	**4,215**
Financing costs	-1,192	-89
Result before taxes	**3,992**	**4,126**
Taxes (4)	-608	-1,089
Net result	**3,384**	**3,037**
Unrealised results		
To reclassify in the profit and loss account in following periods:		
Exchange rate differences foriegn subsidiaries	326	-79
Unrealisede results after taxes	**326**	**-79**
Total realised and unrealised results after taxes attributable to holders of ordinary shares	**3,710**	**2,958**

Result per share (in €) attributable to holders of ordinary shares:		
- Net result	0.30	0.30
- Diluted net result	0.29	0.30

This half year report has not been audited.
In case of any inconsistencies, the Dutch version of this half year report is leading.

HALF YEAR RESULTS 2015

Consolidated Balance Sheet

Amounts x € 1.000	30/06/2015	31/12/2014
Assets		
Fixed assets		
Tangible fixed assets	36,856	37,796
Intangible fixed assets (5)	13,608	14,281
Financial fixed assets	10	10
Deferred tax assets (4)	4,597	4,620
	55,071	**56,707**
Current assets		
Inventories	83,685	79,407
Accounts receivable and other receivables	46,920	36,889
Corporate income tax	81	412
Cash and cash equivalents	2,061	1,778
	132,747	**118,486**
Total assets	**187,818**	**175,193**
Equity and liabilities		
Issued and paid-up capital	5,700	5,493
Share premium reserve	39,653	39,237
Retained earnings	24,055	20,671
Other equity components	916	590
Equity attributable to holders of ordinary shares	**70,324**	**65,991**
Long-term liabilities		
Interest bearing loans (7)	17,771	22,144
Pension and anniversary commitments	5,103	5,380
Deferred tax liabilities	3,785	4,002
	26,659	**31,526**
Short-term liabilities		
Bank overdrafts (7)	13,576	6,088
Interest bearing loans (7)	10,267	8,352
Trade creditors and other payables	58,710	56,723
Taxes and socal security premiums	8,072	6,312
Corporate income tax (4)	164	0
Provisions (8)	46	201
	90,835	**77,676**
Total equity and liabilities	**187,818**	**175,193**

HALF YEAR RESULTS 2015

Consolidated Cash Flow Statement

Amounts x € 1.000	First half year 2015	First half year 2014
Operating activities		
Results before taxes	3,992	4,126
Adjustments for:		
Depreciation of tangible fixed assets	3,164	1,593
Depreciation of intangible fixed assets	816	12
Costs granted staff options	31	45
Finance costs	1,192	89
Change in provisions and pension liabilities	-432	-6,710
Change in working capital *)	-10,602	-14,644
	-1,839	**-15,489**
Other changes:		
Interest paid	-1,170	-189
Paid corporate income taxes	-216	-32
Cash flow from operating activities	**-3,225**	**-15,710**
Investment activities		
Investments in intangible fixed assets	-143	-670
Investments in tangible fixed assets	-2,188	-2,102
Cash flow from investing activities	**-2,331**	**-2,772**
Financing activities		
Repayments of interest bearing loans	-2,500	-163
More (less) use of bank overdrafts	7,488	0
Dividends paid to shareholders	0	-599
Returns from options exercises	592	0
Cash flow from financing activities	**5,580**	**-762**
Change in cash and cash equivalents	**24**	**-19,244**
Net exchange rate differences foreign currencies	259	280
Cash and cash equivalents as per 1 January	1,778	22,143
Cash and cash equivalents as per 30 June	**2,061**	**3,179**

***) Changes in working capital**		
Inventories	-4,278	-3,604
Receivables	-10,031	-1,188
Trade creditors and other payables	1,987	-10,828
Taxes and social security premiums	1,720	976
	-10,602	**-14,644**

HALF YEAR RESULTS 2015

Consolidated Statement of Changes in Group Equity

Amounts x € 1.000	Issued and paid up capital	Share premium reserve	Retained earnings	Exchange rate differences reserve	Total equity
Balance as per 1 January 2014	**4,972**	**30,120**	**14,712**	**267**	**50,071**
Result for the period			3,037		3,037
Unrealised results				-79	-79
Total realised and unrealised results	0	0	3,037	-79	2,958
Exercise share options (6)	21	102			123
Issuance share options		45			45
Dividends (6)			-599		-599
Balance as per 30 June 2014	**4,993**	**30,267**	**17,150**	**188**	**52,598**
Balance as per January 2015	**5,493**	**39,237**	**20,671**	**590**	**65,991**
Results for the period			3,384		3,384
Unrealised results				326	326
Total realised and unrealised results	0	0	3,384	326	3,710
Exercise share options (6)	44	548			592
Issuance share options		31			31
Dividends (6)	163	-163			0
Balance as per 30 June 2015	**5,700**	**39,653**	**24,055**	**916**	**70,324**

Notes to the consolidated first half year results 2015

1. Group-related information

The Supervisory Board approved the results for the first half year to 30 June 2015 on 24 August 2015.

Neways Electronics International N.V. is a company founded and with its head offices in the Netherlands and the shares in said company are traded publicly. Neways Electronics International N.V. and its subsidiaries together form the Group. The Group is an international one-stop provider of advanced and integrated electronic components, combinations of same and systems for the industrial electronics sector.

2. Accounting policies used in drawing up the interim results

The consolidated interim figures have been drawn up on the basis of the International Financial Reporting Standards (IFRS) and in accordance with IAS 34 (interim reporting). The consolidated interim results should be viewed in conjunction with the Group financial statements for 2014. The policies applied in the valuation and determination of the results are the same as those used in the financial statements for 2013, with the exception of the first application of new and amended IFRS standards and IFRIC interpretations. The application of said revised standards and interpretations had no impact on the Group's shareholders equity or results.

The contents of this interim report have not been audited.

3. Business segments

The Group's long-term strategy is focused on strengthening its position as a one-stop provider of customer- specific industrial and professional electronic components, combinations of components and systems for the Electronic Manufacturing Services (EMS) market. The intensive collaboration and clear communication between the various Neways operating companies enables the Group to provide customers in this market with the optimum level of service, with the added benefit that contacts with customers run via a single contact point.

Neways' Western European operating companies play a vital role in the execution of the corporate strategy as a one-stop service provider. Both in terms of customer contact and geographically, these companies operate in close proximity to their customers. The operating companies in Eastern Europe and Asia focus primarily on the production of larger, less complex, stable series with the aim of realising cost savings for customers. The majority of the production contracts come from their sister companies in Western Europe.

The continuous improvement of internal cooperation at every level of the organisation is essential to serve customers as one homogeneous, integrated group of companies, with shared quality control policies, a recognisable business culture and a unified presentation of the Group's vision.

Decision-making at Group management level is based on the management's own assessments and direct communications with all the parties involved. Financial management is based on consolidated information. This means that Neways does not recognise segmentation as meant under IFRS 8.

4. Taxes

The tax burden for the first half of 2015 amounts to 15,2% (first half year of 2014: 26,4%) and consists for the most part of corporate income tax due on the fiscal profit realised in the Netherlands, at the current tax rate of 25%. The tax burden over the in Germany realised profit over the first half year of 2015 is fully compensated by the valuation of a tax liability amounting to € 0,4 million over the loss compensation at the German subsidiaries.

5. Goodwill impairment test

Neways conducts impairment tests on its goodwill annually (as per 31 December), or more frequently if any events or changes in circumstances indicate that the carrying value may have suffered impairment. The recoverable value of goodwill is determined on the basis of the enterprise value. The assumptions made in the calculation of the value of the future cash flows of any cash flow generating unit are outlined in the 2014 financial statements.

When assessing impairment indicators, the Group takes into account such factors as the ratio of its stock market capitalisation to its carrying value. As per 30 June 2015, the Group's stock market capitalisation was higher than the carrying value of its shareholders equity.

6. Equity

6.1 Issuance of ordinary shares

In the scope of the applicable share option scheme for Management Board members and a selected group of other officers 87,500 ordinary shares were issued following the exercise of share options (2014: 42,500). The options were exercised at an average price of € 6,77 per share (2014: € 2.89 per share).

6.2 Dividend paid

	30 June	
Amounts x € 1,000	**2015**	**2014**
Determined and paid out in the first half		
Dividend on ordinary shares:		
Final dividend 2014: € 0.25 (2013: € 0.06)	2,766	599

7. Financial liabilities

The fair value of all the Group's financial instruments approximates their carrying value.

8. Provisions

In the first half of 2014, Neways took up € 6.5 million of the provision of € 6.7 million set aside as per 31 December 2013 for the redundancy packages of the personnel at the Kassel location. The remaining part of the provision has been fully used in the first half of 2015.

9. Transactions with related parties

The table below shows the total amount in transactions with related parties for the first half of 2015 and 2014:

Amounts x € 1,000		Sales to	Purchases/services from	Due from	Due to
Entity with significant influence on the Group:					
VDL Groep	2015	5,249	1,545	1,851	743
	2014	5,185	1,684	2,042	530
ZBG Groep	2015		0		
	2014		1,400		
Key Group personnel:					
	2015		158		
	2014		151		

Outstanding balances are not covered by collateral securities, are non interest bearing and are settled in cash.