



*PAYTON GROUP*  
*INTERNATIONAL*

Tuesday, March 18, 2008

Payton Industries, the parent company of Payton Planar Magnetics (PAYT) informed today that a Memorandum of Understanding (“M.O.U”) was signed between Payton Industries and A.C.P. Advanced Cores Production (“ACP”). ACP is a private Israeli Company, who manufactures and markets Amorphous Magnetic Cores, mainly for the Transformers Industry.

For the acquisition of 100% of ACP’s shares Payton Industries will pay US\$600 thousand in cash and additional US\$350 – US\$400 thousand, within three years, as an agreed percentage of ACP’s future sales.

The acquisition of ACP is in line with Payton’s Group Objectives & Business Strategy looking for M&A business opportunities to extend its core business with synergetic product lines.

The M.O.U is non-binding and the agreement is subject to completion of a technical, financial and legal, due-diligence, within 60 days.

Additional notice will be given if and when an agreement will be signed.