Regulated Information
PRESS RELEASE
May 27, 2015
6.00 pm CET

Q1 15 Report[1]

Sales Revenues of USD 6.2 million
Backlog as of March 31, 2015 of USD 9.9 million

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first quarter of 2015 (three-month period ending March 31, 2015). Sales revenues for the first quarter of 2015 totaled USD 6,185 thousand compared to USD 5,295 thousand on March 31, 2014.

The order and purchase backlog as of March 31, 2015 amounted to USD 9,880 thousand.

Operational highlights in Q1 2015

On March 09, 2015, Himag purchased an industrial property in Gloucester, UK, same property Himag previously used to rent. The property area is of 607 m² and its total cost amounts to £435 thousands. This purchase was financed by an intercompany loan, given by the Company to Himag. This purchase supports Himag activity in the UK and expected to strengthen the foothold of Himag and Payton Group in Europe. In addition, it will provide the Group a European production site for special projects in Europe.

Key financial highlights for Q1 2015

Sales revenues

The Group's sales revenues for the three-month period ended March 31, 2015 were USD 6,185 thousand compared with USD 5,295 thousand in the three-month period ended March 31, 2014. The increase in sales in the first quarter of 2015 resulted mainly from a ramp up in some maturing projects.

Cost of sales and gross result

Cost of sales for the first quarter of 2015 were USD 3,955 thousand compared to USD 3,576 thousand in the same period last year. Payton's gross profit for the three-month period ended March 31, 2015 amounted USD 2,230 thousand (36% of sales) compared with USD 1,719 thousand (32% of sales) in the three-month period ended March 31, 2014. The increase in the gross profit relates mainly due to decrease in labor costs and also due to optimizing production efficiency.

Operating and financial result

The Q1 2015 operating income totals USD 864 thousand compared to an operating income of USD 290 thousand the same period last year. For the first three months of 2015, Payton recorded a net financial expenses of USD 83 thousand compared to a net financial expenses of USD 11 thousand in the first three months of 2014. The increase in these expenses resulted mainly from exchange rate differences.

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[1] The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2014.

Income Taxes

The tax expenses for the three-month period ended March 31, 2015 amounted to USD 178 thousand, compared to tax expenses of USD 50 thousand during the three-month period ended March 31, 2014.

Result of the period

The total result for Q1 2015 was a net profit of USD 603 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term Deposits amounted to a total of USD 16,305 thousand as at March 31, 2015 compared to USD 15,347 thousand as at December 31, 2014 and USD 15,070 thousand as at March 31, 2014. It is to be noted that, deposits at the amount of USD 1,003 thousand and USD 1,005 thousand, as at March 31, 2014 and December 31, 2014, respectively, were, previously, classified as Long-term deposits, and as such were then presented under the non-current assets.

Trade accounts receivable amounted to USD 4,698 thousand as at March 31, 2015 compared to USD 5,919 thousand as at December 31, 2014 and USD 3,969 thousand as at March 31, 2014. The increase in this item at the first quarter of 2015, compared to the same quarter last year and the decrease compared to the end of last year is explained mostly by correlation to sales volume changes in the periods near the report date.

Fixed assets amounted to USD 12,704 thousand as at March 31, 2015, compared to USD 12,084 thousand as at December 31, 2014 and USD 12,469 thousand as at March 31, 2014. The increase in this item at the first quarter of 2015, compared to December 31, 2014, resulted mainly from purchasing the industrial real-estate property in England.

Cash flow

Cash flows generated from operating activities for the three-month period ended March 31, 2015 amounted USD 1,067 thousand, compared with USD 398 thousand for the three-month period ended March 31, 2014. The increase in this cash flows resulted mostly from the increase in the net profit as well as from other changes, in trade accounts receivable and in trade payables.

Cash flows generated from investing activities in the three-month period ended March 31, 2015, amounted to USD 2,349 thousand, compared with USD 225 thousand in the three-month period ended March 31, 2014. During the first quarter of 2015 the cash flows stemmed mostly from proceeds of Short-term bank deposits.

Outlook

Order and purchase backlog of the Group as of March 31, 2015 were USD 9,880 thousand (December 31, 2014 - USD 10,378 thousand). The backlog is composed only of firm orders. Management estimates that most of the backlog as of March 31, 2015 will be supplied until December 31, 2015.

The complete unaudited financial statements are available for downloading in the investors section of **www.paytongroup.com**.

For more information, please visit Payton's web site at www.paytongroup.com
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About us

Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics®, its customized line of planar transformers, conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 190 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Telecommunications, cellular infrastructure, welding machines, Military/Avionics, portable equipment and consumer goods. Planar Magnetics is a revolutionary design technology that is superior to conventional transformers and inductors, and has already been accepted by electronics design engineers as the state-of-the-art in high frequency power electronics design. Payton Planar Magnetics is a subsidiary of Payton Industries, headquartered in Israel, and has manufacturing and marketing operations in Israel, U.K. and United States. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

Annex: Selected Financial Statements

Note:

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, management emphasize that the assumptions do not in any way imply commitment towards realization. The outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Comprehensive Income
- unaudited -

	3 months ended March 31	
	USD 000	USD 000
	2015	2014
Sales revenues	**6,185**	5,295
Cost of sales	**(3,955)**	(3,576)
Gross profit	**2,230**	1,719
Development costs	**(220)**	(226)
Selling and marketing expenses	**(483)**	(514)
General and administrative expenses	**(671)**	(689)
Other income (expenses)	**8**	-
Operating income (loss)	**864**	290
Financial income (expenses), net	**(83)**	(11)
Profit (loss) before income taxes	**781**	279
Income taxes	**(178)**	(50)
Profit (loss) for the period	**603**	229
Number of shares	**17,670,775**	17,670,775
Basic earnings (loss) per ordinary share (in $)	**0.03**	0.01

Condensed Interim Consolidated Balance Sheet
- unaudited -

	March 31	
	USD 000	USD 000
	2015	2014
Current assets	**25,525**	23,378
Non-current assets	**13,712**	14,732
Total assets	**39,237**	38,110
Current liabilities	**3,785**	3,981
Non-current liabilities	**2,287**	3,491
Shareholders' equity	**33,165**	30,638
Total liabilities and shareholders' equity	**39,237**	38,110

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended March 31	
	USD 000	USD 000
	2015	2014
Operating activities		
Profit (loss) for the period	**603**	229
Adjustments to reconcile profit (loss) to net cash generated from (used for) operating activities:		
Depreciation and amortization	**259**	250
Income taxes	**178**	50
Capital (gain) loss on sale of equipment	**(8)**	-
Increase (decrease) in employee benefits	**30**	65
Decrease (increase) in trade accounts receivables	**1,221**	61
Decrease (increase) in other accounts receivable	**(159)**	26
Decrease (increase) in inventory	**(155)**	(163)
(Decrease) increase in trade payables	**(730)**	(40)
(Decrease) increase in other payables	**(147)**	21
Finance expenses (income), net	**48**	8
Interest received	**38**	6
Interest paid	**(17)**	(30)
Tax paid	**(94)**	(85)
Cash flows (used for) generated from operating activities	**1,067**	398
Investing activities		
Proceeds from sale of marketable securities held for trading	**-**	348
Proceeds from short-term deposits, net	**3,184**	-
Investment in fixed assets	**(843)**	(123)
Proceeds from sale of fixed assets	**8**	-
Cash flows generated from (used for) investing activities	**2,349**	225
Financing activities		
Repayment of loan	**(57)**	(88)
Payment of contingent consideration	**(159)**	(140)
Cash flows (used for) generated from financing activities	**(216)**	(228)
Net increase (decrease) in cash and cash equivalents	**3,200**	395
Cash and cash equivalents at beginning of the period	**4,692**	5,883
Effect of exchange rate fluctuations on cash held	**(52)**	-
Cash and cash equivalents at end of the period	**7,840**	6,278