

**Regulated Information
PRESS RELEASE
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Half-year 2015 Report¹

**Sales Revenues of USD 13,583 thousand
Order Backlog as of June 30, 2015 of USD 9,194 thousand**

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2015 (six-month period ending June 30, 2015). Sales revenues for the first six months of 2015 totaled USD 13,583 thousand compared to USD 11,161 thousand in the six-month period ended June 30, 2014.

The Group's order backlog as of June 30, 2015 totaled USD 9,194 thousand.

Highlights in first half-year 2015

On March 9, 2015 - Himag purchased an industrial property in Gloucester, UK, the same property that 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 the first half-year 2015

Sales revenues

The Group's sales revenues for the six-month period ended June 30, 2015 were USD 13,583 thousand compared with USD 11,161 thousand in the six-month period ended June 30, 2014 (increase of 22%). Sales revenues in the second quarter of 2015 were USD 7,398 thousand compared with USD 5,866 thousand in the second quarter of 2014 (increase of 26%). The sales increase in the first half of 2015 was mainly from a ramp up in some maturing projects.

Cost of sales and gross result

The Group's gross profit for the six-month period ended June 30, 2015 amounted USD 5,137 thousand (38% of sales) compared with USD 3,903 thousand (35% of sales) in the six-month period ended June 30, 2014. The increase in the gross profit resulted mainly from changes in products mix sold and by the devaluation of the local currency.

Expenses

During the first half-year ended June 30, 2015, *General & Administrative expenses* decreased to USD 1,403 thousand compared with USD 1,412 thousand in the six months ended June 30, 2014. *Selling & Marketing expenses* are mainly comprised of: (1) commissions to the Group's reps' and Marketing Personnel, which are calculated as a portion of sales and of (2) other selling expenses (fixed) based on management policy. The Group's marketing efforts are concentrated through

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.

participation in major power electronic shows around the world and by collaborating with its worldwide rep's Network.

The Group's *Selling & Marketing expenses* during the first half-year ended June 30, 2015 amounted to USD 1,077 thousand compared with USD 1,040 thousand in the six months ended June 30, 2014.

Operating and financial result

The total operating profit for the first half-year of 2015 amounts to USD 2,182 thousand compared to USD 945 thousand the same period last year. During the first six months of 2015, Payton recorded finance income of USD 20 thousand, compared with a finance expenses of USD 29 thousand for the first six months of 2014.

Taxes on income

Tax expenses for the first six months period of 2015 totaled USD 431 thousand, compared with USD 178 thousand for the six-month period ended June 30, 2014.

Result of the period

The total results for the first half-year 2015 was a net profit of USD 1,771 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities held for trading and Short-term deposits amounted to a total of USD 16,818 thousand as at June 30, 2015 compared to USD 15,347 thousand as at December 31, 2014 and USD 17,126 thousand as at June 30, 2014. It is noted that, deposits at the amount of USD 1,000 thousand and USD 1,005 thousand, as at June 30, 2015, and December 31, 2014, respectively, are classified as Long-term deposits, and as such presented under the non-current assets. The increase in these items, during the first six-months of 2015, is explained mostly by the profit for the period.

Cash flow

Cash flows generated from operating activities for the six-month period ended June 30, 2015 amounted to USD 2,718 thousand, compared with cash flows at the amount of USD 1,773 thousand for the six-month period ended June 30, 2014. The increase in this cash flows resulted mainly from the increase in the net profit as well from other changes in inventory and in trade payables.

Cash flows generated from investing activities in the six-month period ended June 30, 2015 amounted to USD 268 thousand, compared with cash flows of USD 106 thousand in the six-month period ended June 30, 2014.

Cash flows used for financing activities in the six-month period ended June 30, 2015 amounted to USD 272 thousand, compared with USD 319 thousand in the six-month period ended June 30, 2014.

Outlook

On June 30, 2015, the Group's order backlog totaled USD 9,194 thousand (compared to the position on December 31, 2014 where backlog totaled USD 10,378 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of June 30, 2015 will be supplied until March 31, 2016.

The complete financial statements and the half-year report and Q2 figures 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 196 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 in the 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 Income - unaudited -

	Six months ended June 30	
	2015 USD 000	2014 USD 000
Sales revenues	13,583	11,161
Cost of sales	(8,446)	(7,258)
Gross profit	5,137	3,903
Development costs	(486)	(504)
Selling and marketing expenses	(1,077)	(1,040)
General and administrative expenses	(1,403)	(1,412)
Other income (expenses)	11	(2)
Operating profit	2,182	945
Financial income	105	79
Financial expenses	(85)	(108)
Financial income (expenses), net	20	(29)
Profit before income taxes	2,202	916
Income taxes	(431)	(178)
Profit for the period	1,771	738
Other comprehensive income (loss) items that will not be transferred to profit and loss	-	(100)
Total comprehensive income for the period	1,771	638
Number of shares	17,670,775	17,670,775
Basic earnings per share (in USD)	0.10	0.04

Condensed Interim Consolidated Balance Sheet - unaudited -

	June 30	
	USD 000 2015	USD 000 2014
Current assets	26,753	25,106
Non-current assets	14,567	13,563
Total assets	41,320	38,669
Current liabilities	4,812	4,198
Non-current liabilities	2,175	3,424
Equity	34,333	31,047
Total liabilities and Equity	41,320	38,669



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Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited

\$ thousands

	<u>2015</u>	<u>2014</u>
Operating activities		
Profit for the period	1,771	738
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation & amortization	522	501
Capital loss (gain) on sale of equipment	(11)	2
Income Taxes	431	178
Increase (decrease) in employee benefits	198	184
Decrease in trade accounts receivables	139	136
Decrease (increase) in other accounts receivable	104	46
(Increase) decrease in inventory	(277)	(405)
(Decrease) increase in trade payables	(165)	141
Increase (decrease) in other payables	(32)	10
Interest received	77	52
Interest paid	(34)	(59)
Tax paid	(226)	(183)
Tax received	242	429
Finance (income) expenses, net	(21)	3
Cash flows generated from (used for) operating activities	<u>2,718</u>	<u>1,773</u>
Investing activities		
Proceeds from sale of marketable securities held for trading	205	488
Proceeds from (Investments in) short-term deposits, net	2,034	(6)
Investment in long-term deposits	(1,000)	-
Investment in fixed assets	(989)	(377)
Proceeds from sale of fixed assets	18	1
Cash flows generated from (used for) investing activities	<u>268</u>	<u>106</u>
Financing activities		
Repayment of loan	(113)	(176)
Payment of contingent consideration	(159)	(143)
Cash flows (used for) generated from financing activities	<u>(272)</u>	<u>(319)</u>
Net increase (decrease) in cash and cash equivalents	2,714	1,560
Cash and cash equivalents at beginning of the period	4,692	5,883
Effect of exchange rate fluctuations on cash held	3	3
Cash and cash equivalents at end of the period	<u>7,409</u>	<u>7,446</u>