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Q3 15 Report[1]

Sales Revenues of USD 20,442 thousand
Backlog as of September 30, 2015 of USD 10,219 thousand
Proposed interim dividend of USD 0.175 per share (A total of USD 3,092 thousand)

Ness Ziona (Israel) - Payton Planar Magnetics Ltd. announced today its financial results for the third quarter of 2015 (nine-month period ending September 30, 2015). Sales revenues for the nine-month period of 2015 totaled USD 20,442 thousand compared to USD 17,384 thousand in the nine-month period ended September 30, 2014.

The order and purchase backlog of the Group as of September 30, 2015 amounted to USD 10,219 thousand.

Considering the company's solid cash position, the Board of Directors decided to pay the members an interim dividend of USD 0.175 per share (to be paid on January 14, 2016). The Board shall recommend the General Meeting to approve the said amount as final.

Operational highlights in Q3 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 thousand.

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.

On August 18, 2015 - the Company's Board of Directors decided to repay the remaining balance of the bank loan, which as at September 30, 2015 amounts to USD 1,600 thousand, with no penalty, on its next exit point. On **October 9, 2015** this loan was repaid in full.

On November 23, 2015 - the Company's Board of Directors decided to pay the members an interim dividend on account of the dividend for the financial year 2015, at the amount of USD 3,092 thousand (USD 0.175 per share, to be paid on January 14, 2016). The Board shall recommend the General Meeting to approve the said amount as final.

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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.

Key financial highlights for the first nine months of 2015

Sales revenues

The Group's sales revenues for the nine-month period ended September 30, 2015 were USD 20,442 thousand compared with USD 17,384 thousand in the nine-month period ended September 30, 2014 (increase of 17.6%). Sales revenues in the third quarter of 2015 were USD 6,859 thousand compare with USD 6,223 thousand in the third quarter of 2014 (increase of 10.2%). The increase in sales in 2015 was mainly as a result of the ramp up of some maturing projects.

Cost of sales and gross result

The Group's gross profit for the nine-month period ended September 30, 2015 amounted USD 7,597 thousand (37% of sales) compared with USD 5,993 thousand (34% of sales) in the nine-month period ended September 30, 2014. The increase in the gross profit relates to the growth in sales, whereas, part of the expenses included in the cost of sales did not increase in a similar proportion. In addition, the gross profit increased due to the devaluation of the local currency resulting in lower local cost and due to decrease in other manufacturing expenses.

Expenses

General & Administrative (G&A) expenses for the nine months ended September 30, 2015 amounted to USD 2,110 thousand compared with USD 2,198 thousand in the nine months ended September 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 participation in major power electronic shows around the world and by collaborating with its worldwide rep's Network. The Group's *Selling & Marketing expenses* for the nine months ended September 30, 2015 amounted to USD 1,584 thousand compared with USD 1,504 thousand in the nine months ended September 30, 2014.

Operating and financial result

The total operating profit for the first nine months of 2015 amounts to USD 3,197 thousand compared to USD 1,561 thousand for the same period last year. During the first nine months of 2015, Payton recorded finance expenses of USD 5 thousand, compared with USD 117 thousand in the nine months ended September 30, 2014. The decrease in these expenses relates mainly due to a decrease in interest paid for long term loan which USD 1 million out of it was repaid on December 2014, and due to an erosion of the USD in relation to the NIS, Euro(€) and Pound(£).

Income Taxes

The tax expenses for the nine-month period ended September 30, 2015 amounted to USD 566 thousand, whereas, tax expenses for the nine-month period ended September 30, 2014 amounted to USD 269 thousand.

Result of the period

The total results for the first nine months of 2015 were a net profit of USD 2,626 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term deposits amounted to a total of USD 20,406 thousand as at September 30, 2015 compared to USD 15,347 thousand as at December 31, 2014 and USD 16,066 thousand as at September 30, 2014. It is noted that, deposits at the amount of USD 1,005 thousand, as at December 31, 2014 and USD 1,001 thousand, as at September 30, 2014 , were classified as Long-term deposits, and as such presented under the non-current assets. The increase in these items, during the first nine months of 2015, is explained mostly by the profit for the period and by decrease in trade receivables.
Trade accounts receivable amounted to USD 4,163 thousand as at September 30, 2015 compared to USD 5,919 thousand as at December 31, 2014 and USD 4,379 thousand as at September 30, 2014. The decrease in this item at the first nine months of 2015 is mostly explained by decrease in sales volume in the period near the reports date.
Inventory amounted to USD 3,711 thousand as at September 30, 2015, compared to USD 3,533 thousand as at December 31, 2014 and USD 3,836 thousand as at September 30, 2014.

Cash flow

Cash flow generated from operating activities for the first nine months period ended September 30, 2015 amounted USD 5,461 thousand, compared with USD 1,952 thousand for the nine-month period ended September 30, 2014. The increase resulted mostly from decrease in trade receivables and from increase in the net profit.

Cash flow generated from investing activities in the nine-month period ended September 30, 2015 amounted USD 418 thousand, compared with cash flow used for investing activities of USD 1,903 thousand in the nine-month period ended September 30, 2014.

During the first nine-months of 2015 the Company used most of its proceeds from deposits for investment in the industrial property (UK) and in other fixed assets

Cash flows used for financing activities in the nine-month period ended September 30, 2015 amounted USD 329 thousand, compared with USD 407 thousand in the nine-month period ended September 30, 2014.

Outlook

The Group's order backlog as of September 30, 2015 totaled USD 10,219 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 September 30, 2015 will be supplied until June 30, 2016.

The complete financial statements and the nine-month report as well as Q3 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 192 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Telecommunications, cellular infrastructure, welding machines, High-reliability/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, United States and in the U.K. 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 -

	Nine months ended September 30	
	2015	2014
	USD 000	USD 000
Sales revenues	**20,442**	17,384
Cost of sales	**(12,845)**	(11,391)
Gross result	**7,597**	5,993
Development costs	**(722)**	(726)
Selling and marketing expenses	**(1,584)**	(1,504)
General and administrative expenses	**(2,110)**	(2,198)
Other (expenses) income	**16**	(4)
Operating profit (loss)	**3,197**	1,561
Financial income	**102**	98
Financial expense	**(107)**	(215)
Finance expenses, net	**(5)**	**(117)**
Profit (loss) before taxes on income	**3,192**	1,444
Income taxes	**(566)**	(269)
Profit for the period	**2,626**	1,175
Other comprehensive loss items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan, net of taxes	**-**	(100)
Total comprehensive income for the period	**2,626**	1,075
Number of shares	**17,670,775**	17,670,775
Basic earnings per ordinary share (in USD)	**0.15**	0.07

Condensed Interim Consolidated Balance Sheet - unaudited -

	September 30	
	2015	2014
	USD 000	USD 000
Current assets	**28,787**	24,795
Non-current assets	**13,388**	14,314
Total assets	**42,175**	39,109
Current liabilities	**6,140**	4,304
Non-current liabilities	**847**	3,321
Equity	**35,188**	31,484
Total liabilities and equity	**42,175**	39,109

Condensed Interim Consolidated Statements of Cash Flows

Nine-month period ended September 30 – unaudited $ thousands	2015	2014
Operating activities		
Profit for the period	**2,626**	1,175
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortization	**788**	760
Capital loss (gain) on sale of fixed assets	**(16)**	4
Income Taxes	**566**	269
Increase (decrease) in employee benefits	**80**	16
Decrease (increase) in trade accounts receivables	**1,756**	(349)
Decrease (increase) in other accounts receivable	**(85)**	80
Decrease (increase) in inventory	**(178)**	(618)
Increase (decrease) in trade payables	**(225)**	295
Increase (decrease) in other payables	**204**	101
Interest received	**103**	55
Interest paid	**(50)**	(88)
Tax paid	**(363)**	(280)
Tax received	**261**	429
Finance (income) expenses, net	**(6)**	103
Cash flows generated from operating activities	**5,461**	1,952
Investing activities		
Proceeds from sale of marketable securities held for trading	**205**	566
Proceeds from (Investments in) deposits, net	**1,264**	(2,006)
Investment in fixed assets	**(1,081)**	(474)
Proceeds from sale of fixed assets	**30**	11
Cash flows generated from (used for) investing activities	**418**	(1,903)
Financing activities		
Repayment of loan	**(170)**	(264)
Payment of contingent consideration	**(159)**	(143)
Cash flows (used for) generated from financing activities	**(329)**	(407)
Net (decrease) increase in cash and cash equivalents	**5,550**	(358)
Cash and cash equivalents at beginning of the period	**4,692**	5,883
Effect of exchange rate fluctuations on cash held	**(20)**	(77)
Cash and cash equivalents at end of the period	**10,222**	5,448