

Q1 14 Report¹

Sales Revenues of USD 5.3 million

Backlog as of March 31, 2014 of USD 10.4 million

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first quarter of 2014 (three-month period ending March 31, 2014).

Sales revenues for the first quarter of 2014 totaled USD 5,295 thousand compared to USD 4,186 thousand on March 31, 2013.

The order and purchase backlog as of March 31, 2014 amounted to USD 10,378 thousand.

Operational highlights in Q1 2014

No material changes occurred during the period from January 1st to March 31, 2014.

Key financial highlights for Q1 2014

Sales revenues

The Group's sales revenues for the three-month period ended March 31, 2014 were USD 5,295 thousand compared with USD 4,186 thousand in the three-month period ended March 31, 2013. The increase in sales in the first quarter of 2014 resulted mainly from a ramp up in some maturing projects.

Cost of sales and gross result

Cost of sales for the first quarter of 2014 were USD 3,576 thousand compared to USD 2,933 thousand in the same period last year. Payton's gross profit for the three-month period ended March 31, 2014 amounted USD 1,719 thousand (32% of sales) compared with USD 1,253 thousand (30% of sales) in the three-month period ended March 31, 2013.

Expenses

The Group's 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.

Selling & Marketing expenses for the three months ended March 31, 2014 amounted to USD 514 thousand compared with USD 532 thousand in the three months ended March 31, 2013.

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, 2013.

Operating and financial result

The Q1 2014 operating income totals USD 290 thousand compared to an operating loss of USD 202 thousand the same period last year. For the first three months of 2014, Payton recorded a net financial expenses of USD 11 thousand compared to a net financial income of USD 52 thousand in the first three months of 2013.

Income Taxes

The tax expenses for the three-month period ended March 31, 2014 amounted to USD 50 thousand, compared to tax expenses of USD 22 thousand during the three-month period ended March 31, 2013.

Result of the period

The total result for Q1 2014 was a net profit of USD 229 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term Deposits amounted to a total of USD 15,070 thousand as at March 31, 2014 compared to USD 12,996 thousand as at December 31, 2013 and USD 16,800 thousand as at March 31, 2013. It is to be noted that, deposits at the amount of USD 1,003 thousand and USD 3,002 thousand, as at March 31, 2014 and December 31, 2013, respectively, were classified as Long-term deposits, and as such presented under the non-current assets.

Trade accounts receivable amounted to USD 3,969 thousand as at March 31, 2014 compared to USD 4,030 thousand as at December 31, 2013 and USD 3,480 thousand as at March 31, 2013. The increase in this item at the first quarter of 2014, compared to the same quarter last year, is explained mostly by sales volume increase in the period near the report date.

Fixed assets amounted to USD 12,469 thousand as at March 31, 2014, compared to USD 12,583 thousand as at December 31, 2013 and USD 10,716 thousand as at March 31, 2013. The increase in this item at the first quarter of 2014, compared to the same quarter last year, resulted mainly from investing in the industrial real-estate property ("Payton House") in Israel.

Cash flow

Cash flows generated from operating activities for the three-month period ended March 31, 2014 amounted USD 398 thousand, compared with cash flows used for operating activities at the amount of USD 200 thousand for the three-month period ended March 31, 2013. The increase in this cash flows resulted mainly from the increase in net profit as well as from other changes, in inventory and in tax paid.

Cash flows generated from investing activities in the three-month period ended March 31, 2014, amounted USD 225 thousand, compared with cash flows used for investing activities of USD 558 thousand in the three-month period ended March 31, 2013. During the first quarter of 2014 the Cash flows generated from investing activities stemmed from sale of marketable securities which part of it was invested in the new industrial real-estate property "Payton House".

Cash flows used for financing activities in the three-month period ended March 31, 2014, amounted USD 228 thousand, compared with USD 88 thousand in the three-month period ended March 31, 2013. The increase in this item relates to the first payment of the contingent consideration, at the amount of USD 140 thousand, stemming from the purchase of Himag Solutions business activity.

Outlook

Order and purchase backlog of the Group as of March 31, 2014 were USD 10,378 thousand (December 31, 2013 - USD 9,408 thousand). The backlog is composed only of firm orders. Management estimates that most of the backlog as of March 31, 2014 will be supplied until December 31, 2014.

The complete unaudited financial statements are available for downloading in the investors section of 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 2014	USD 000 2013
Sales revenues	5,295	4,186
Cost of sales	(3,576)	(2,933)
Gross profit	1,719	1,253
Development costs	(226)	(246)
Selling and marketing expenses	(514)	(532)
General and administrative expenses	(689)	(679)
Other income (expenses)	-	2
Operating income (loss)	290	(202)
Financial income (expenses), net	(11)	52
Profit (loss) before income taxes	279	(150)
Income taxes	(50)	(22)
Profit (loss) for the period	229	(172)
Number of shares	17,670,775	17,670,775
Basic earnings (loss) per ordinary share (in \$)	0.01	(0.01)

Condensed Interim Consolidated Balance Sheet

- unaudited -

	March 31	
	USD 000 2014	USD 000 2013
Current assets	23,378	24,850
Non-current assets	14,732	12,093
Total assets	38,110	36,943
Current liabilities	3,981	3,226
Non-current liabilities	3,491	3,574
Shareholders' equity	30,638	30,143
Total liabilities and shareholders' equity	38,110	36,943

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended March 31	
	USD 000	USD 000
	2014	2013
Operating activities		
Profit (loss) for the period	229	(172)
Adjustments to reconcile profit (loss) to net cash generated from (used for) operating activities:		
Depreciation and amortization	250	155
Income taxes	50	22
Capital (gain) loss on sale of equipment	-	(2)
Increase (decrease) in employee benefits	65	47
Decrease (increase) in trade accounts receivables	61	39
Decrease (increase) in other accounts receivable	26	(207)
Decrease (increase) in inventory	(163)	42
(Decrease) increase in trade payables	(40)	(32)
(Decrease) increase in other payables	21	114
Finance expenses (income), net	8	(59)
Interest received	6	16
Interest paid	(30)	-
Tax paid	(85)	(163)
Cash flows (used for) generated from operating activities	398	(200)
Investing activities		
Proceeds from sale of marketable securities held for trading	348	100
Proceeds from short-term deposits, net	-	2,000
Investment in fixed assets	(123)	(2,668)
Proceeds from sale of fixed assets	-	10
Cash flows generated from (used for) investing activities	225	(558)
Financing activities		
Repayment of loan	(88)	(88)
Payment of contingent consideration	(140)	-
Cash flows (used for) generated from financing activities	(228)	(88)
Net increase (decrease) in cash and cash equivalents	395	(846)
Cash and cash equivalents at beginning of the period	5,883	7,684
Effect of exchange rate fluctuations on cash held	-	16
Cash and cash equivalents at end of the period	6,278	6,854