Regulated Information
PRESS RELEASE
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Half-year 2014 Report[1]

Sales Revenues of USD 11,161 thousand
Order Backlog as of June 30, 2014 of USD 11,047 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2014 (six-month period ending June 30, 2014).
Sales revenues for the first six months of 2014 totaled USD 11,161 thousand compared to USD 9,112 thousand in the six-month period ended June 30, 2013.

The Group's order backlog as of June 30, 2014 totaled USD 11,047 thousand.

Highlights in first half-year 2014

No material changes occurred during the period from January 1st to June 30th, 2014.

Key financial highlights for the first half-year 2014

Sales revenues

The Group's sales revenues for the six-month period ended June 30, 2014 were USD 11,161 thousand compared with USD 9,112 thousand in the six-month period ended June 30, 2013 (increase of 22.5%). Sales revenues in the second quarter of 2014 were USD 5,866 thousand compare with USD 4,926 thousand in the second quarter of 2013 (increase of 19.1%).The sales increase in the first half of 2014 was mainly as a result of the ramp up of few maturing projects.

Cost of sales and gross result

The Group's gross profit for the six-month period ended June 30, 2014 amounted USD 3,903 thousand (35% of sales) compared with USD 2,733 thousand (30% of sales) in the six-month period ended June 30, 2013. The increase in the gross profit relates to the growth in sales (since part of the expenses included in the cost of sales did not increase) and to the products mix sold during each quarter.

Expenses

During the first half-year ended June 30, 2014, *General & Administrative expenses* amounted to USD 1,412 thousand compared with USD 1,361 thousand in the six months ended June 30, 2013. The increase in these expenses relates mainly due to increase in depreciation cost of the new facility and due to management incentives derived from the Group's improved profitability.
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.

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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, 2013.

The Group's *Selling & Marketing expenses* during the first half-year ended June 30, 2014 amounted to USD 1,040 thousand compared with USD 1,016 thousand in the six months ended June 30, 2013.

Operating and financial result

The total operating profit for the first half-year of 2014 amounts to USD 945 thousand compared to a total operating loss of USD 263 thousand the same period last year. During the first six months of 2014, Payton recorded finance expenses of USD 29 thousand, compared with a finance income of USD 68 thousand for the first six months of 2013.

Taxes on income

Tax expenses for the first six months period of 2014 totaled USD 178 thousand, compared with USD 34 thousand for the six-month period ended June 30, 2013.

Result of the period

The total results for the first half-year 2014 was a net profit of USD 738 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities held for trading and Short-term deposits amounted to a total of USD 17,126 thousand as at June 30, 2014 compared to USD 12,996 thousand as at December 31, 2013 and USD 15,669 thousand as at June 30, 2013. It is noted that, deposits at the amount of USD 3,002 thousand, as at December 31, 2013, were 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 2014, is explained mostly by the profit for the period and from a tax refund.

Current tax assets amounted to USD 62 thousand as at June 30, 2014, compared to USD 500 thousand as at December 31, 2013 and USD 338 thousand as at June 30, 2013. The decrease in this item resulted from tax asset refund made during the second quarter of 2014.

Cash flow

Cash flows generated from operating activities for the six-month period ended June 30, 2014 amounted USD 1,773 thousand, compared with cash flows used for operating activities at the amount of USD 9 thousand for the six-month period ended June 30, 2013. The increase in this cash flows resulted mainly from the profit for the period, from tax refund and from other changes in trade account receivable and in inventory.

Cash flows generated from investing activities in the six-month period ended June 30, 2014 amounted USD 106 thousand, compared with cash flows used for investing activities of USD 161 thousand in the six-month period ended June 30, 2013. During the first half of 2014 cash flows generated from investing activities stemmed from sale of marketable securities which part of it was invested in new machinery and production equipment.

Cash flows used for financing activities in the six-month period ended June 30, 2014 amounted USD 319 thousand, compared with USD 147 thousand in the six-month period ended June 30, 2013. The increase in this item relates to the first payment of the contingent consideration, at the amount of USD 143 thousand, stemming from the purchase of Himag Solutions business activity.

Outlook

On June 30, 2014, the Group's order backlog totaled USD 11,047 thousand (compared to the position on December 31, 2013 where backlog totaled USD 9,408 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of June 30, 2014 will be supplied until March 31, 2015.

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 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 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.

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Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Income
- unaudited -

	Six months ended June 30	
	2014	2013
	USD 000	USD 000
Sales revenues	**11,161**	9,112
Cost of sales	**(7,258)**	(6,379)
Gross result	**3,903**	2,733
Development costs	**(504)**	(474)
Selling and marketing expenses	**(1,040)**	(1,016)
General and administrative expenses	**(1,412)**	(1,361)
Other (expenses) income	**(2)**	(145)
Operating profit (loss)	**945**	(263)
Financial income	**79**	105
Financial expense	**(108)**	(37)
Profit (loss) before taxes on income	**916**	(195)
Income (expenses) taxes	**(178)**	(34)
Profit (loss) for the period	**738**	(229)
Other comprehensive income items that will not be transferred to profit and loss	**(100)**	-
Total comprehensive income (loss) for the period	**638**	(229)
Number of shares	**17,670,775**	17,670,775
Basic earnings (loss)per ordinary share (in USD)	**0.04**	(0.01)

Condensed Interim Consolidated Balance Sheet
- unaudited -

	June 30	
	USD 000	USD 000
	2014	2013
Current assets	**25,106**	24,031
Non-current assets	**13,563**	14,036
Total assets	**38,669**	38,067
Current liabilities	**4,198**	4,452
Non-current liabilities	**3,424**	3,529
Shareholders' equity	**31,047**	30,086
Total liabilities and shareholders' equity	**38,669**	38,067

Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited $ thousands	2014	2013
Operating activities		
(Loss) profit for the period	**738**	(229)
Adjustments to reconcile (loss) profit to net cash (used for) generated from operating activities:		
Depreciation & amortization	**501**	337
Capital loss (gain) on sale of equipment	**2**	16
Income Taxes	**178**	34
Increase (decrease) in employee benefits	**184**	123
(Increase) decrease in trade receivables	**136**	(662)
Decrease (increase) in other accounts receivable	**46**	60
(Increase) decrease in inventory	**(405)**	195
Increase (decrease) in trade payables	**141**	250
Increase (decrease) in other payables	**10**	127
Interest received	**52**	28
Interest paid	**(59)**	(12)
Tax paid	**(183)**	(216)
Tax received	**429**	-
Finance expenses (income), net	**3**	(60)
Cash flows generated from (used for) operating activities	**1,773**	(9)
Investing activities		
Proceeds from sale of marketable securities held for trading	**488**	205
Proceeds from (Investments in) short-term deposits, net	**(6)**	3,566
Investment in fixed assets	**(377)**	(3,942)
Proceeds from sale of fixed assets	**1**	10
Cash flows generated from (used for) investing activities	**106**	(161)
Financing activities		
Repayment of loan	**(176)**	(147)
Payment of contingent consideration	**(143)**	-
Cash flows (used for) generated from financing activities	**(319)**	(147)
Net (decrease) increase in cash and cash equivalents	**1,560**	(317)
Cash and cash equivalents at beginning of the period	**5,883**	7,684
Effect of exchange rate fluctuations on cash held	**3**	30
Cash and cash equivalents at end of the period	**7,446**	7,397