Regulated Information
PRESS RELEASE
November 24th 2014
6 pm CET

Q3 14 Report[1]

Sales Revenues of USD 17,384 thousand
Backlog as of September 30, 2014 of USD 10,783 thousand

Ness Ziona (Israel) - Payton Planar Magnetics Ltd. announced today its financial results for the third quarter of 2014 (nine-month period ending September 30, 2014). Sales revenues for the nine-month period of 2014 totaled USD 17,384 thousand compared to USD 14,720 thousand in the nine-month period ended September 30, 2013.

The order and purchase backlog of the Group as of September 30, 2014 amounted to USD 10,783 thousand.

Operational highlights in Q3 2014

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

Key financial highlights for the first nine months of 2014

Sales revenues

The Group's sales revenues for the nine-month period ended September 30, 2014 were USD 17,384 thousand compared with USD 14,720 thousand in the nine-month period ended September 30, 2013 (increase of 18.1%). Sales revenues in the third quarter of 2014 were USD 6,223 thousand compare with USD 5,608 thousand in the third quarter of 2013 (increase of 11.0%). The increase in sales in 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 nine-month period ended September 30, 2014 amounted USD 5,993 thousand (34% of sales) compared with USD 4,626 thousand (31% of sales) in the nine-month period ended September 30, 2013. The Group's gross profit for the three-month period ended September 30, 2014 amounted USD 2,090 thousand (34% of sales) compared with USD 1,893 thousand (34% of sales) in the three-month period ended September 30, 2013. The increase in the gross profit relates mainly to the growth in sales (since part of the expenses included in the cost of sales are fixed and did not increase) and to the products mix sold during each quarter.

Expenses

General & Administrative (G&A) expenses for the nine months ended September 30, 2014 amounted to USD 2,198 thousand compared with USD 2,061 thousand in the nine months ended September 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.

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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.

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, 2014 amounted to USD 1,504 thousand compared with USD 1,494 thousand in the nine months ended September 30, 2013.

Operating and financial result

The total operating profit for the first nine months of 2014 amounts to USD 1,561 thousand compared to USD 153 thousand for the same period last year. During the first nine months of 2014, Payton recorded finance expenses of USD 117 thousand, compared with a finance income of USD 102 thousand for the first nine months of 2013.

Income on Taxes

The tax expenses for the nine-month period ended September 30, 2014 amounted to USD 269 thousand, whereas, tax expenses for the nine-month period ended September 30, 2013 amounted to USD 115 thousand.

Result of the period

The total results for the first nine months of 2014 were a net profit of USD 1,175 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term deposits amounted to a total of USD 16,066 thousand as at September 30, 2014 compared to USD 12,996 thousand as at December 31, 2013 and USD 15,966 thousand as at September 30, 2013. It is noted that, deposits at the amount of USD 1,001 thousand, as at September 30, 2014 and 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 nine months of 2014, is explained mostly by the profit for the period.

Current tax assets amounted to USD 147 thousand as at September 30, 2014, compared to USD 500 thousand as at December 31, 2013 and USD 263 thousand as at September 30, 2013. The decrease in this item resulted mainly from tax asset refund made during the second quarter of 2014.

Inventory amounted to USD 3,836 thousand as at September 30, 2014, compared to USD 3,218 thousand as at December 31, 2013 and USD 3,288 thousand as at September 30, 2013. The increase in this item resulted mainly from the growth in the Group's activity and backlog volume during 2014.

Cash flow

Cash flow generated from operating activities for the first nine months period ended September 30, 2014 amounted USD 1,952 thousand, compared with cash flows used for operating activities at the amount of USD 892 thousand for the nine-month period ended September 30, 2013. The increase in this cash flows resulted mainly from the profit for the period, from tax refund and from other changes in the working capital.

Cash flow used for investing activities in the nine-month period ended September 30, 2014 amounted USD 1,903 thousand, compared with USD 722 thousand in the nine-month period ended September 30, 2013.

During the first nine-months of 2014 cash flows used for investment in short-term and long-term bank deposits.

Cash flows used for financing activities in the nine-month period ended September 30, 2014 amounted USD 407 thousand, compared with USD 235 thousand in the nine-month period ended September 30, 2013. The increase in this item relates mainly 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

The Group's order backlog as of September 30, 2014 totaled USD 10,783 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 September 30, 2014 will be supplied until June 30, 2015.

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
or contact Michal Lichtenstein, CFO at 00-972-3-9611164 – Michal@paytongroup.com
or Vivien Debroux at 00-32-2-713-07-44 – vivien.debroux@citigate.be

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, 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	
	2014	2013
	USD 000	USD 000
Sales revenues	**17,384**	14,720
Cost of sales	**(11,391)**	(10,094)
Gross result	**5,993**	4,626
Development costs	**(726)**	(696)
Selling and marketing expenses	**(1,504)**	(1,494)
General and administrative expenses	**(2,198)**	(2,061)
Other (expenses) income	**(4)**	(222)
Operating profit (loss)	**1,561**	153
Financial income	**98**	187
Financial expense	**(215)**	(85)
Profit (loss) before taxes on income	**1,444**	255
Income taxes	**(269)**	(115)
Profit for the period	**1,175**	140
Other comprehensive loss items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan	**(100)**	-
Total comprehensive income for the period	**1,075**	140
Number of shares	**17,670,775**	17,670,775
Basic earnings per ordinary share (in USD)	**0.07**	0.01

Condensed Interim Consolidated Balance Sheet
- unaudited -

	September 30	
	2014	2013
	USD 000	USD 000
Current assets	**24,795**	24,457
Non-current assets	**14,314**	14,049
Long-term deposits	**1,001**	-
Total assets	**39,109**	38,506
Current liabilities	**4,304**	4,587
Non-current liabilities	**3,321**	3,464
Shareholders’ equity	**31,484**	30,455
Total liabilities and shareholders’ equity	**39,109**	38,506

Condensed Interim Consolidated Statements of Cash Flows

Nine-month period ended September 30 – unaudited $ thousands	2014	2013
Operating activities		
Profit for the period	**1,175**	140
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortization	**760**	548
Capital loss (gain) on sale of fixed assets	**4**	16
Income Taxes	**269**	115
Increase (decrease) in employee benefits	**16**	62
Decrease (increase) in trade accounts receivables	**(349)**	(893)
Decrease (increase) in other accounts receivable	**80**	(59)
Decrease (increase) in inventory	**(618)**	341
Increase (decrease) in trade payables	**295**	524
Increase (decrease) in other payables	**101**	393
Interest received	**55**	47
Interest paid	**(88)**	(44)
Tax paid	**(280)**	(218)
Tax received	**429**	-
Finance income, net	**103**	(80)
Cash flows generated from operating activities	**1,952**	892
Investing activities		
Proceeds from sale of marketable securities held for trading	**566**	205
Proceeds from (Investments in) short-term deposits, net	**(1,006)**	3,558
Investment in long-term deposits	**(1,000)**	-
Investment in fixed assets	**(474)**	(4,495)
Proceeds from sale of fixed assets	**11**	10
Cash flows generated from (used for) investing activities	**(1,903)**	(722)
Financing activities		
Repayment of loan	**(264)**	(235)
Payment of contingent consideration	**(143)**	-
Cash flows (used for) generated from financing activities	**(407)**	(235)
Net (decrease) increase in cash and cash equivalents	**(358)**	(65)
Cash and cash equivalents at beginning of the period	**5,883**	7,684
Effect of exchange rate fluctuations on cash held	**(77)**	52
Cash and cash equivalents at end of the period	**5,448**	7,671