Regulated Information
PRESS RELEASE
May 29, 2013
6.00 pm CET

Q1 13 Report[1]

Sales Revenues of USD 4.2 million
Backlog as of March 31, 2013 of USD 7.8 million

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first quarter of 2013 (three-month period ending March 31, 2013).
Sales revenues for the first quarter of 2013 totaled USD 4,186 thousand compared to USD 4,047 thousand on March 31, 2012.

The order and purchase backlog as of March 31, 2013 amounted to USD 7,844 thousand.

Operational highlights in Q1 2013

A purchase agreement of a real-estate property, was signed on March 10, 2011, for a total amount of NIS 13,250 thousand, excluding 16% VAT (about € 2.7 million excl. VAT). On August 16, 2011, the real-estate transaction was completed and the Company received the possession rights. The industrial property houses the activities of the three currently-leased local facilities in one single new building. Management expects that centralizing the activities in the new building will lead to economies of scale and also offer opportunities for synergies between product lines.
On July 18, 2012, the Company concluded and signed agreements with three main construction contractors (total value USD 4.5 million) in order to suit the industrial property to Payton's needs. For funding part of these investments, in October 2012, the Company received a USD 3.5 million long-term loan, against a mortgage of the building. On May 2013 the Company moved two out of its three locations into the new facility and anticipates completing the last phase of the transfer by the end of June 2013. To the report date estimated additional costs required for the completions were USD 1 million (total value about USD 9 million).

Himag Planar Magnetics (U.K.) - on December 28, 2012, Further to M.O.U signed on 22.11.12 the Company, via its fully owned UK subsidiary - Himag Planar Magnetics (hereafter - "Himag"), has executed an agreement to purchase the business activity of Himag Solutions Ltd., a UK company, engaged in the transformers global market. The purchase relates to the Selling Company's business activity (excluding all types of liabilities and obligations) regarding production, development, marketing and distribution of magnetic elements (transformers), including, among others, fixed assets, goodwill, inventory, agreements and intellectual property rights (hereinafter: "The Purchased Activity "). The consideration for the purchased activity has been set to USD 1.2 million paid on 31.12.12 and additional consideration for the purchased activity, conditional upon achieving a minimum annual sales turnover. Starting 1.1.13 Himag started its activity as a part of the Payton Group. The current focus is to increase Himag's efficiency and reach economies of scale in terms of manufacturing, engineering and marketing.

[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, 2012.

Key financial highlights for Q1 2013

Sales revenues

The sales revenues for the three-month period ended March 31, 2013 amounted to USD 4,186 thousand compared with USD 4,047 thousand for Q1 2012. Sales in the first quarter of 2013 include sales arising from the new business activity purchased from Himag (U.K.).

Cost of sales and gross result

Cost of sales for the first quarter of 2013 were USD 2,933 thousand compared to USD 2,563 thousand in the same period last year. Payton's gross profit for the three-month period ended March 31, 2013 amounted USD 1,253 thousand (30% of sales) compared to USD 1,484 thousand (37% of sales) in the three-month period ended March 31, 2012. The decrease in the gross profit relates to the consolidation of Himag activities characterized by lower gross margins.

Expenses

During the first three months of 2013, *General & Administrative (G&A) expenses* amounted to USD 679 thousand, compared to USD 636 thousand for the same period in 2012. The increase in these expenses relates mainly to the incorporation of Himag Planar Magnetics administrative personnel starting 2013.

Selling & Marketing expenses amounted to USD 532 thousand during the first three months of 2013 compared with USD 419 thousand in the same period last year. The increase in these expenses is mainly due to efforts invested in recruiting marketing presence in China (which didn't mature yet) and due to the incorporation of Himag Planar Magnetics sales force starting 2013.

Development costs increased from USD 220 thousand in the first quarter ended March 31, 2012 to USD 246 thousand in the first quarter ended March 31, 2013.

Operating and financial result

The Q1 2013 operating loss totals USD 202 thousand compared to an operating income of USD 202 thousand the same period last year. For the first three months of 2013, Payton recorded a net financial income of USD 52 thousand compared to USD 43 thousand in the first three months of 2012.

Taxes income

The tax expenses for the three-month period ended March 31, 2013 amounted to USD 22 thousand, whereas tax income for the three-month period ended March 31, 2012 amounted to USD 839 thousand. In the first quarter last year (2012) income taxes were mostly affected by the write-off of excess tax liability following a final tax assessment concluded.

Result of the period

The total result for Q1 2013 was a net loss of USD 172 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term Deposits amounted to a total of USD 16,800 thousand at March 31, 2013 compared to USD 19,703 thousand as at December 31, 2012 and USD 19,193 thousand as at March 31, 2012. During the first quarter of 2013 these items decreased mostly due to the use of cash for investments in the real-estate property.

Fixed assets amounted to USD 10,716 thousand as at March 31, 2013, compared to USD 8,110 thousand as at December 31, 2012 and USD 6,379 thousand as at March 31, 2012. The increase in this item resulted mainly from investing in the industrial real-estate property in Israel.

Intangible assets amounted to USD 1,238 thousand compared to USD 1,279 thousand as at December 31, 2012 and to USD 499 thousand as at March 31, 2012. The increase arises from the intangible assets recognized as results of the acquisition of the business activity of Himag Solutions including: goodwill, production files and brand name rights. The fair value of these intangible assets has been determined provisionally pending completion of a Purchase Price Allocation ("PPA") prepared by an external independent appraiser.

Cash flow

Cash flows used for operating activities for the three-month period ended March 31, 2013 amounted USD 200 thousand, compared with cash flows generated from operating activities at the amount of USD 515 thousand for the three-month period ended March 31, 2012. The decrease in these cash flows resulted mainly from the decrease in net profit as well as from the changes in trade receivables, trade payables and inventory.

Cash flows used for investing activities in the three-month period ended March 31, 2013, amounted USD 558 thousand, compared with USD 780 thousand in the same period the previous year. During the first quarter of 2013 the Company used these cash flows for building its new industrial real-estate property, mostly covered by materializing short-term bank deposits.

Outlook

On March 31, 2013, the order and purchase backlog of the company amounted to USD 7,844 thousand (compared to December 31, 2012 - USD 6,217 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of March 31, 2013, will be supplied until December 31, 2013.

The complete unaudited financial statements 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 Evi Robignon at 00-32 2-713-07-36 - erobignon@citigate.be

About us

Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics®, its customized line of planar and conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 186 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	USD 000
	2013	2012
Sales revenues	**4,186**	4,047
Cost of sales	**(2,933)**	(2,563)
Gross profit	**1,253**	1,484
Development costs	**(246)**	(220)
Selling and marketing expenses	**(532)**	(419)
General and administrative expenses	**(679)**	(636)
Other income (expenses)	**2**	-
Operating profit (loss)	**(202)**	202
Financial income (expenses) net	**52**	43
Profit (loss) before income taxes	**(150)**	245
Income taxes	**(22)**	839
Total comprehensive income for the period	**(172)**	1,084
Number of shares	**17,670,775**	17,670,775
Profit per share (in USD)	**(0.01)**	0.06

Condensed Interim Consolidated Balance Sheet
- unaudited -

	March 31	
	USD 000	USD 000
	2013	2012
Current assets	**24,850**	26,242
Non-current assets	**12,093**	6,995
Total assets	**36,943**	33,237
Current liabilities	**3,226**	3,923
Non-current liabilities	**3,574**	298
Shareholders' equity	**30,143**	29,016
Total liabilities and shareholders' equity	**36,943**	33,237

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended March 31	
	USD 000	USD 000
	2013	2012
Net Operating activities		
Profit (loss) for the period	**(172)**	1,084
Adjustments to reconcile profit (loss) to net cash generated from (used for) operating activities:		
Depreciation and amortization	**155**	175
Income taxes	**22**	(839)
Capital (gain) loss on sale of equipment	**(2)**	7
Increase (decrease) in employee benefits	**47**	10
Decrease (increase) in trade accounts receivables	**39**	357
Increase (decrease) in other accounts receivable	**(207)**	(278)
Decrease (increase) in inventory	**42**	(171)
(Decrease) increase in trade payables	**(32)**	204
(Decrease) increase in other payables	**114**	130
Finance income, net	**(59)**	(55)
Interest received	**16**	26
Tax paid	**(163)**	(135)
Cash flows (used for) generated from operating activities	**(200)**	515
Investing activities		
Proceeds from sale of marketable securities held for trading	**100**	-
Proceeds from (investments in) short-term deposits, net	**2,000**	-
Investment in fixed assets	**(2,668)**	(241)
Proceeds from sale of fixed assets	**10**	23
Acquisition of business activity from related party	**-**	(562)
Cash flows generated from (used for) investing activities	**(558)**	(780)
Financing activities		
Repayment of loan	**(88)**	-
Cash flows (used for) generated from financing activities	**(88)**	-
Net increase (decrease) in cash and cash equivalents	**(864)**	(265)
Cash and cash equivalents at beginning of the period	**7,684**	10,964
Effect of exchange rate fluctuations on cash held	**16**	38
Cash and cash equivalents at end of the period	**6,854**	10,737