Regulated Information
PRESS RELEASE
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Half-year 2013 Report[1]

Sales Revenues of USD 9,112 thousand
Backlog as of June 30, 2013 of USD 8,253 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2013 (six-month period ending June 30, 2013).
Sales revenues for the first six months of 2013 totaled USD 9,112 thousand compared to USD 9,036 thousand in the six-month period ended June 30, 2012. The sales revenues in the second quarter of 2013 reflect an increase of 18% compared to the sales revenues of the first quarter of 2013.

The order and purchase backlog as of June 30, 2013 amounted to USD 8,253 thousand.

Highlights in first half-year 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 formerly-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 on August 2013 the Company will complete the last phase of the transfer. To the report date no additional material costs required for the completion, total value is estimated at about USD 10 million.

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 (hereinafter-"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.

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Key financial highlights for the first half-year 2013

Sales revenues

The Group's sales revenues for the first half year of 2013 amounted to USD 9,112 thousand compared with USD 9,036 thousand in the six-month period ended June 30, 2012. Q2 revenues in 2013 were USD 4,926 thousand whereas Q2 2012 revenues were USD 4,989 thousand. The sales revenues in the second quarter of 2013 reflect an increase of 18% compared to the sales revenues of the first quarter of 2013.

Cost of sales and gross result

Cost of sales for the first half-year of 2013 increased to USD 6,379 thousand from USD 5,857 thousand for the same period last year leading to a gross profit of USD 2,733 thousand (30% of sales) compared with USD 3,179 thousand (35% of sales) in the six-month period ended June 30, 2012. The decrease in the gross profit relates to the product-mix sold during the period and to the consolidation of Himag activities characterized by lower gross margins.

Expenses

During the first half-year 2013, *General & Administrative (G&A) expenses* slightly increased to USD 1,361 thousand, compared to USD 1,222 thousand for first six-month period in 2012. The increase in these expenses relates mainly to the incorporation of Himag Planar Magnetics administrative personnel starting 2013.

Selling & Marketing expenses increased to USD 1,016 thousand in the first half-year of 2013 from USD 869 thousand in the same period last year. The increase in these expenses is mainly due to the incorporation of Himag Planar Magnetics starting 2013 and due to increase in other marketing expenses.

Development costs amounted to USD 474 thousand in the first half-year of 2013 compared with USD 463 thousand in the same period last year.

Other costs for the six month period ended June 30, 2013 amounted to USD 145 thousand. An amount of USD 129 thousand out of these expenses arose from the transfer to the new facility on May 2013.

Operating and financial result

The total operating loss for the first half-year of 2013 amounts to USD 263 thousand compared to a total operating profit of USD 621 thousand the same period last year. During the first six months of 2013, Payton recorded a finance income of USD 68 thousand, compared with USD 102 thousand for the first six months of 2012.

Taxes on income

Tax expenses for the first six months period of 2013 totaled USD 34 thousand, whereas, tax income for the six-month period ended June 30, 2012 amounted to USD 722 thousand. In the first half last year (2012) income taxes were mostly affected by the write-off excess tax liability following a final tax assessment concluded.

Result of the period

The total results for the first half-year 2013 was a net loss of USD 229 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities held for trading and Short-term deposits amounted to a total of USD 15,669 thousand at June 30, 2013 compared to USD 19,703 thousand as at December 31, 2012 and USD 18,363 thousand at June 30, 2012. During the first six-months of 2013 these items decreased mostly due to the use of cash for investments in the real-estate property.

*Trade accounts receivable*s amounted to USD 4,181 thousand as at June 30, 2013 compared to USD 3,519 thousand as at December 31, 2012 and USD 3,967 thousand as at June 30, 2012.

Cash flow

Cash flows used for operating activities for the first half-year 2013 amounted to USD 9 thousand, compared with cash flow generated from operating activities of USD 714 thousand for the first half-year 2012. The decrease in these cash flows resulted mainly from the decrease in the profit for the period.

Cash flows used for investing activities in the first half-year 2013 amounted to USD 161 thousand, compared with cash flows used for investing activities of USD 768 thousand in the first half-year 2012. During the first half of year 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 June 30, 2013, the order and purchase backlog amounted to USD 8,253 thousand (compared to the position on December 31, 2012 where backlog amounted to USD 6,217 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of June 30, 2013 will be supplied until March 31, 2014.

The complete financial statements and the half-year report and Q2 figures 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 and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 173 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	
	2013	2012
	USD 000	USD 000
Sales revenues	**9,112**	9,036
Cost of sales	**(6,379)**	(5,857)
Gross result	**2,733**	3,179
Development costs	**(474)**	(463)
Selling and marketing expenses	**(1,016)**	(869)
General and administrative expenses	**(1,361)**	(1,222)
Other (expenses) income	**(145)**	(4)
Operating profit (loss)	**(263)**	621
Financial income	**105**	257
Financial expense	**(37)**	(155)
Profit (loss) before taxes on income	**(195)**	723
Income taxes	**(34)**	722
Total comprehensive (loss) income for the period	**(229)**	1,445
Number of shares	**17,670,775**	17,670,775
Basic earnings (loss)per ordinary share (in USD)	**(0.01)**	0.08

Condensed Interim Consolidated Balance Sheet
- unaudited -

	June 30	
	USD 000	USD 000
	2013	2012
Current assets	**24,031**	25,815
Non-current assets	**14,036**	6,938
	-	-
Total assets	**38,067**	32,753
Current liabilities	**4,452**	3,091
Non-current liabilities	**3,529**	285
Shareholders' equity	**30,086**	29,377
Total liabilities and shareholders' equity	**38,067**	32,753

Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited $ thousands	2013	2012
Operating activities		
(Loss) profit for the period	**(229)**	1,445
Adjustments to reconcile (loss) profit to net cash (used for) generated from operating activities:		
Depreciation & amortization	**337**	353
Capital loss (gain) on sale of equipment	**16**	4
Income Taxes	**34**	(722)
Increase (decrease) in employee benefits	**123**	113
(Increase) decrease in trade receivables	**(662)**	(467)
Decrease (increase) in other accounts receivable	**60**	225
(Increase) decrease in inventory	**195**	(202)
Increase (decrease) in trade payables	**250**	545
Increase (decrease) in other payables	**127**	33
Interest received	**28**	71
Interest paid	**(12)**	(138)
Tax paid	**(216)**	(443)
Finance income, net	**(60)**	(103)
Cash flows generated from (used for) operating activities	**(9)**	714
Investing activities		
Proceeds from sale of marketable securities held for trading	**205**	-
Proceeds from (Investments in) short-term deposits, net	**3,566**	1,015
Investment in fixed assets	**(3,942)**	(383)
Proceeds from sale of fixed assets	**10**	37
Acquisition of business activity from related party	**-**	(1,437)
Cash flows generated from (used for) investing activities	**(161)**	(768)
Financing activities		
Repayment of loan	**(147)**	-
Cash flows (used for) generated from financing activities	**(147)**	-
Net (decrease) increase in cash and cash equivalents	**(317)**	(54)
Cash and cash equivalents at beginning of the period	**7,684**	10,964
Effect of exchange rate fluctuations on cash held	**30**	(16)
Cash and cash equivalents at end of the period	**7,397**	10,894