PAYTON GROUP
INTERNATIONAL

Regulated Information
PRESS RELEASE
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Q3 11 Report[1]

Sales Revenues of USD 3.7 million
Backlog as of September 30, 2011 of USD 5 million

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the third quarter of 2011 (three-month period ending September 30, 2011).

Sales revenues for the third quarter of 2011 totaled USD 3.659 million compared to USD 7.685 million on September 30, 2010. The sales volume decrease is attributed mainly to the global slowdown.

The net profit for the third quarter ending September 30, 2011 amounted to USD 254 thousand compared to USD 1,711 thousand for the same period last year. The net profit for the nine-month period ending September 30, 2011 totaled USD 2,600 thousand (USD 3,694 thousand for the same period last year).

The order and purchase backlog as of September 30, 2011 amounted to USD 5.076 million.

Operational highlights in Q3 2011

In March 2011 Payton signed a purchase agreement of a real-estate property for a total amount of about € 2.7 million (NIS 13.3 million) financed by its own financial resources. On August 16, 2011 the real-estate transaction was completed and the company received the possession rights.

On September 18, 2011, the Company approved the purchase agreement[2] of the business activity of Payton Technologies (1991) Ltd, a sister-company fully owned by the parent company Payton Industries, for the amount of about € 1.1 million (NIS 5.6 million). According to the Purchase Agreement, all key executive officers employed by the parent company shall, as of January 1, 2012, be employed directly by the Company (with no significant changes in the costs allocated to the Company).

In addition to the approval of the Purchase Agreement and as a part of the organizational changes, the Payton's Board of directors approved the nomination of Mr. Doron Yativ [3] as the Company's CEO, the nomination of Mr. David Yativ[4] as an Active Chairman and the Management Services Agreement between the Company and David Yativ, Technologies and management Ltd[5].

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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, 2010.

2 Effective date - January 1, 2012.

3 Mr. Doron Yativ, the son of David Yativ, serves as a director and during the past 10 years as Payton's V.P. Marketing and Business development.

4 Mr. David Yativ- in the past years Chairman & C.E.O., the founder and controlling shareholder of Payton Industries.

5 A private company fully owned by David Yativ.

On November 8, 2011, the Shareholders General Meeting approved all the resolutions approved by the Company's Board of director on September 18, 2011.

Key financial highlights for Q3 2011

Sales revenues

The sales revenues for the three-month period ended September 30, 2011 amounted to USD 3,659 thousand compared with USD 7,685 thousand for Q3 2010.
The Group's sales revenue for the nine-month period ended September 30, 2011 were USD 14,292 thousand compared with USD 18,688 thousand in the nine-month period ended September 30, 2010.
Sales were mostly affected by the global slowdown, as well as by the end of two major projects during the first half of year 2011.

Cost of sales and gross result

Cost of sales for the third quarter of 2011 were USD 1,937 thousand compared to USD 4,276 thousand in the same period last year. Payton's gross profit for the three-month period ended September 30, 2011 amounted USD 1,722 thousand (47% of sales) compared to USD 3,409 thousand (44% of sales) in the three-month period ended September 30, 2010. The increase in the gross profit relates to the products mix sold during each quarter.

Expenses

During the first nine months of 2011, *General & Administrative (G&A) expenses* amounted USD 1,957 thousand, compared to USD 1,872 thousand for the same period in 2010.
Selling & Marketing expenses decreased to USD 1,342 thousand during the first nine-months of 2011 from USD 1,517 thousand in the same period last year. Marketing efforts were concentrated on the participations in the following exhibitions:

- January 2011, “New Tech Motion Control & Power Solutions” exhibition in Tel-Aviv, Israel.
- March 2011, “New-Tech” exhibition in Tel-Aviv, Israel.
- March 2011, “APEC 2011” exhibition in California, USA.
- May 2011, “PCIM” exhibition in Nierenberg, Germany.
- September 2011, IEEE Energy Conversion Congress and Expo (ECCE) 2011 in Phoenix, Arizona, USA.

In addition, Payton initiated several seminars and conferences in the USA during that period.
Development costs increased from USD 492 thousand in the nine months ended September 30, 2010 to USD 600 thousand in the nine months ended September 30, 2011. The increase in these expenses relates mainly to a research process of upgrading materials used in planar transformers.

Operating and financial result

The Q3 operating profit as at September 30, 2011 totals USD 445 thousand compared to USD 1,959 thousand the same period last year. For the first nine months of 2011, Payton recorded a net financial income of USD 125 thousand compared to USD 77 thousand in the first nine months of of 2010.

Taxes on income

Income tax expenses for the first nine months period of 2011 totaled USD 627 thousand (19.4%), compared to tax expenses of USD 615 thousand (14.3%). The increase in the tax expenses percentage relates mainly to a decrease in revenues entitled to local tax benefits.

Result of the period

The total result for Q3 2011 was a net profit of USD 254 thousand.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term Deposits amounted to a total of USD 19,552 thousand as at September 30, 2011, compared to USD 18,491 thousand as at December 31, 2010 and USD 16,008 thousand as at September 30, 2010. The increase in these items compared to December 31, 2010 mainly relates to the profitability during the period, classifying the remaining long term deposits as a short term since their maturity date is in less than one year, and the sale of "marketable securities available for sale" (ARS). This cash increase was shortened by an investment made in the real-estate property that was purchased.

Marketable securities available for sale, as at September 30, 2011 amounted to USD 0 thousand compared to USD 953 thousand as at December 31, 2010 and USD 957 thousand as at September 30, 2010. The decrease in this item resulted from materializing the remaining ARS securities, at 94% from their par value (USD 1,000 thousand) in exchange for USD 940 thousand.

Trade receivables amounted to USD 2,952 thousand as at September 30, 2011 compared to USD 5,428 thousand as at December 31, 2010 and USD 7,087 thousand as at September 30, 2010. The decrease in Q3 2011 is explained by the decrease in sales volume.

Cash flow

Cash flow generated from operating activities for the nine-month period ended September 30, 2011 amounted USD 2,599 thousand compared with USD 1,809 thousand for the same period the previous year. The cash flow was mostly affected by a decrease in trade receivables as result of the decrease in business activity as well as by reimbursement of current liabilities to related parties and payments to trade payables.

Cash flow used for investing activities in the nine-month period ended September 30, 2011, amounted USD 6,436 thousand, compared with USD 1,248 thousand in the same period the previous year. During the nine-month period ended September 30, 2011 cash flows used for investing activities mainly resulted from investments in real-estate property and in short-term bank deposits.

Outlook

On September 30, 2011, the order and purchase backlog of the company amounted to USD 5,076 thousand (compared to December 31, 2010 - USD 8,710 thousand). The backlog is composed of firm orders only. Management estimates that most of the backlog as of September 30, 2011, will be supplied until June 30, 2012.

Order and purchase backlog of the Group was affected by the global slowdown and by the termination of two major projects.

Statement by senior management in accordance with article 12, $ 2 (of the Royal Decree of 14 November 2009

Pursuant to article 12 § 2, 3° of the Royal Decree of 14 November 2009, David Yativ, Chairman of the Board of Directors declares, on behalf of and for the account of Payton Planar Magnetics that, as far as is known to him,

a) the financial statements at September 30, 2011 are drawn up in accordance with IFRS and with IAS 34 “Interim Financial Reporting” as adopted by the European Union and present a true and fair view of the equity, financial situation and results of the company.

b) the report gives a true and fair view of the main events of the first nine months of year 2011, their impact on the financial statements, the main risk factors and uncertainties for the remaining months of the financial year, as well as the main transactions with related parties and their possible impact on the abbreviated financial statements.

Independent Auditors’ Review – November 24, 2011

The interim results have been prepared by the management and reviewed by Somekh Chaikin, certified public accounts, a member firm of KPMG International in accordance with International Standard on Review Engagements 2410. A review is substantially less in scope than an audit. The conclusion of the auditor is as follows: “Based on our review, [...], nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting”.

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
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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 transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 161 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.

Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Comprehensive Income

- unaudited -

	3 months ended September 30	
	USD 000 2011	USD 000 2010
Sales revenues	**3,659**	7,685
Cost of sales	**(1,937)**	(4,276)
Gross result	**1,722**	3,409
Development costs	**(180)**	(170)
Selling and marketing expenses	**(409)**	(580)
General and administrative expenses	**(688)**	(700)
Other income (expenses)	**-**	-
Operating profit (loss)	**445**	1,959
Financial income	**56**	274
Financial expense	**(197)**	(15)
Financial result, net	**(141)**	259
Profit (loss) before taxes on income	**304**	2,218
Income taxes	**(50)**	(507)
Profit (loss) for the period	**254**	1,711
Other comprehensive Income		
Net change in fair value of available-for-sale assets transferred to profit or loss	-	-
Net change in fair value of available-for-sale assets	**-**	19
Total comprehensive income for the period	**254**	1,730
Number of shares	**17,670,775**	17,670,775
Profit per share (in USD)	**0.01**	0.10

Condensed Interim Consolidated Balance Sheet

- unaudited -

	September 30	
	USD 000 2011	**USD 000 2010**
Current assets	**25,222**	25,471
Non-current assets	**6,274**	5,330
Marketable securities available for sale	**-**	957
Total assets	**31,496**	30,801
Current liabilities	**3,427**	6,393
Non-current liabilities	**259**	211
Shareholders' equity	**27,810**	24,197
Total liabilities and shareholders' equity	**31,496**	30,801

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended September 30	
	USD 000	USD 000
	2011	2010
Net Operating activities		
Profit for the period	**254**	1,711
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation	**83**	71
Income taxes	**50**	507
Capital loss on sale of equipment	**-**	-
Finance (income) expenses, net	**126**	(328)
(Decrease) increase in employee benefits	**(17)**	14
Decrease (increase) in trade receivables	**1,608**	(961)
(Increase) decrease in other accounts receivable	**8**	4
(Increase) decrease in inventory	**(265)**	4
Increase (decrease) in trade payables	**(98)**	444
(Decrease) increase in other payables	**(145)**	220
Interest received	**36**	93
Tax paid	**(128)**	(230)
Cash flows generated from operating activities	**1,512**	1,549
Investing activities		
Proceeds from (investments in) ST deposits, net	**4**	255
Investment in property, plant and equipment	**(2,845)**	(99)
Proceeds from sale of equipment	**-**	6
Cash flows generated from (used for) investing activities	**(2,849)**	162
Net increase (decrease) in cash and cash equivalents	**(1,337)**	1,711
Cash and cash equivalents at beginning of the period	**10,532**	7,449
Effect of exchange rate fluctuations on cash held	**(99)**	132
Cash and cash equivalents at end of the period	**9,096**	9,292

Based on our review nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34 “Interim Financial Reporting.”

Somekh Chaikin
Certified Public Accountants (Isr.)
(A Member of KPMG International)

November 24, 2011