PAYTON GROUP
INTERNATIONAL

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PRESS RELEASE
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Half-year 2010 Report[1]

Sales Revenues of USD 11 million
Backlog as of June 30, 2010 of USD 10,786 thousand

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2010 (six-month period ending June 30, 2010).

Sales revenues for the first six months of 2010 totaled USD 11 million compared to USD 6.385 million on June 30, 2009. In Q2, for the first time in Payton's history, sales revenues per quarter reached the milestone of USD 7 million. The substantial sales volume increase can be attributed to the global financial upturn resulting in orders and sales pick-up, especially in the telecoms and TV markets.

The net profit for the six-month period ending June 30, 2010 almost totaled USD 2 million (USD 763 thousand for the same period last year), whereas the net profit for Q2 more than tripled from USD 562 thousand in 2009 to USD 1.7 million in 2010.

The order and purchase backlog as of June 30, 2010 amounted USD 10,786 thousand. For the second half of the year, Payton is expecting to continue on this profitable path and sees growth opportunities in Telecom and Industrial markets.

Highlights in first half-year 2010

In January 2010, Payton signed a MOU with the Korean company Bujeon to integrate Planar transformers in inductive components for mass consumer electronic products. Under the terms of the agreement, Bujeon is granted exclusive manufacturing and commercialization rights of Payton's unique planar transformers. The manufacturing & deliveries from this facility started in April 2010 and contributed successfully to the revenues.

On January 12, 2010, the company paid off the interim gross dividend (announced on November 2009) of USD 0.095 per share or an aggregate amount of USD 1,679 thousand.

Key financial highlights for the first half-year 2010

Sales revenues

Payton's sales revenues for the first half-year of 2010 amounted to USD 11,003 thousand compared to USD 6,385 thousand in the six-month period ended June 30, 2009. Q2 revenues in 2010 almost doubled to USD 7,059 thousand from USD 3,673 thousand in the three-month period ended June 30, 2009. The impressive sales growth is originating from few new projects that

[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, 2009.

matured and were transferred to production. The global upturn also positively impacted the overall sales in general.
For the first six-month period ended June 30, 2010, one high volume customer is representing 26% of the sales and a second project is representing 21%.

Cost of sales and gross result

Cost of sales for the first half-year of 2010 increased to USD 6,297 thousand from USD 4,034 thousand for the same period last year leading to a gross profit of USD 4,706 thousand (43% of sales) compared with USD 2,351 thousand (37% of sales) in the six-month period ended June 30, 2009. The rise both in the gross profit and gross profit ratio relates to the growth in sales, whereas the expenses did not increase in a similar proportion as the sales did. Q2 gross profit in 2010 amounted USD 3,295 thousand (47% of sales) compared to USD 1,355 thousand (37% of sales) in the three-month period ended June 30, 2009.

Most of Payton's salaries and other operating costs are fixed in NIS. The average rate of the USD with relation to the NIS during the first six months of 2010 went down by 8% compared with average rate of the first six months of 2009, reflecting an increase in the above-mentioned costs when they are presented in USD.

Expenses

During the first half-year 2010, *General & Administrative* (G&A) *expenses* increased to USD 1,172 thousand, compared to USD 928 thousand for first six-month period in 2009. The increase includes management incentives to Payton's parent company following its improved profitability.

Selling & Marketing expenses further increased to USD 937 thousand in the first half-year of 2010 from USD 412 thousand in the same period last year. The increase is attributed mainly to rep's sales commissions which are in line with the sales increase. Marketing efforts were concentrated on the:
During 2010 the Group participated in the following exhibitions:

- January 2010, "Hespek & Bakara, New-tech 2010" exhibition in Tel-Aviv, Israel.
- February 2010, "APEC 2010" exhibition in California, U.S.A.
- March 2010, "Technology Hi-tech 2010" exhibition in Tel-Aviv, Israel.
- May 2010, "Technology & Military" exhibition in Airport City, Israel.
- May 2010, "PCIM in Nurnberg", Germany.
- June 2010, "EP&T Electronic products & Technology magazine" exhibition in Vancouver, Canada.

Development costs increased from USD 294 thousand to USD 322 thousand in the first half year of 2010.

Operating and financial result

The total operating profit for the first half-year of 2010 amounts to USD 2,273 thousand compared to USD 717 thousand the same period last year. During the first six months of 2010, Payton recorded a net financial loss of USD 182 resulting from the erosion of cash & cash equivalents in Euro versus the USD, and from the sale of ARS Marketable Securities available for sale. The profit before income taxes for the first half-year of 2010 amounts to USD 2,091 thousand compared to a profit of USD 985 thousand in the first half-year of 2009.

Taxes on income

Income tax expenses for the first six months period of 2010 totaled USD 108 thousand compared to tax expenses of USD 222 thousand in the same period last year. The decrease in tax expenses mainly results from local tax benefits and recognition of tax assets (deferred taxes) on losses.

Result of the period

The net profit for the six-month period ending June 30, 2010 amounts to USD 1,983 thousand (USD 763 thousand in the same period last year).The total comprehensive income for the period (after the net changes in fair value of available-for-sale assets) amounts to USD 2,082 thousand.

Cash position

In spite of the dividend payment in January 2010 and despite the financing of its working capital, Payton managed to maintain a stable cash position. Cash and cash equivalents, marketable securities and short-term deposits amounted to USD 14,331 thousand as at June 30, 2010 compared to USD 14,176 thousand as at December 31, 2009 and USD 14,023 thousand as at June 30, 2009.

Marketable securities available for sale (non- current assets) amounted to USD 937 thousand as at June 30, 2010 compared to USD 2,813 thousand as at December 31, 2009 and USD 2,774 thousand as at June 30, 2009. In the first half of 2010 Payton sold two (out of three) ARS securities at a rate of 96% and 95% from their par value (USD 1,975 thousand). In exchange for these sales, Payton received USD 1,886 thousand. As at June 30, 2010, the fair value of the remaining balance of ARS was assessed at the amount of USD 937 thousand, compared to USD 949 thousand as at December 31, 2009.

Trade accounts receivable as at June 30, 2010 increased to USD 6,126 thousand from USD 3,782 thousand as at June 30, 2009, reflecting the development in business activity.

The following table presents the financial ratios:

	June 30, 2010	June 30, 2009	December 31, 2009
Current ratio	4.18	5.42	3.61
Quick ratio	3.77	4.83	3.22

Cash flow

Cash flow generated from operating activities for the first half-year 2010 was mostly impacted by the increase in trade receivables and payables as result of the growth in business activity and amounted to USD 304 thousand, compared to USD 298 thousand for same period last year. *Cash flow used for investing activities* in the first half-year 2010, mainly resulted from the proceeds from the sale of marketable securities offset by the investment in short-term deposits and in fixed-assets amounted USD 1,042 thousand, compared with USD 96 thousand in the six-month period ended June 30, 2009. *Cash flow used for financing activities* in the six-month period ended June 30, 2010, amounted USD 1,679 thousand representing the payment of the dividend.

Outlook

On June 30, 2010, the order and purchase backlog amounted to USD 10,786 thousand (compared to the position on March 31, 2010 where backlog amounted to USD 10,043 thousand and December 31, 2009 - USD 6,400 thousand). The backlog is composed of firm orders only. The management estimates that most of the backlog will be supplied until the end of March 2011.

Statement by senior management in accordance with Royal Decree of 14 November 2007

Pursuant to article 13 § 2,3 of the Royal Decree of 14 November 2007, David Yativ Chairman of the Board of Directors and CEO declares, on behalf of and for the account of Payton Planar Magnetics that, as far as is known to him,

a) the financial statements as at June 30, 2010 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 six months, 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 – August 19, 2010

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 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 180 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 emphasizes that the assumptions does 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 -

	Six months ended June 30	
	2010	2009
	USD 000	USD 000
Sales revenues	11,003	6,385
Cost of sales	(6,297)	(4,034)
Gross result	4,706	2,351
Development costs	(322)	(294)
Selling and marketing expenses	(937)	(412)
General and administrative expenses	(1,172)	(928)
Other (expenses) income	(2)	-
Operating profit (loss)	2,273	717
Financial income	115	280
Financial expense	(297)	(12)
Profit (loss) before taxes on income	2,091	985
Income taxes	(108)	(222)
Net profit (loss) for the period	**1,983**	**763**
Net change in fair value of available-for-sale assets transferred to profit or loss	89	-
Net change in fair value of available-for-sale assets	10	114
Total comprehensive income for the period	**2,082**	**877**
Number of shares	17,670,775	17,670,775
Basic earnings per ordinary share (in USD)	0.11	0.04

Condensed Interim Consolidated Balance Sheet
- unaudited -

	June 30	
	USD 000	**USD 000**
	2010	**2009**
Current assets	22,841	20,043
Non-current assets	5,293	4,951
Marketable securities available for sale	937	2,774
Total assets	**28,134**	**24,994**
Current liabilities	5,470	3,697
Non-current liabilities	197	144
Shareholders' equity	22,467	21,153
Total liabilities and shareholders' equity	**28,134**	**24,994**

Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited **$ thousands**	**2010**	**2009**
Net Operating activities		
Net profit for the period	1,983	763
Adjustments to reconcile net profit to net cash generated from (used for) operating activities:		
Depreciation	135	131
Capital loss (gain) on sale of equipment	2	-
Increase (decrease) in employee benefits	3	(8)
(Increase) decrease in trade receivables	(3,639)	(66)
Increase in other accounts receivable	(35)	(10)
(Increase) decrease in inventory	(204)	(98)
Increase (decrease) in trade payables	1,745	147
Increase (decrease) in other payables and tax liability	184	(576)
(Increase) decrease in deferred taxes	(110)	3
Finance expenses (income), net	240	12
Cash flows generated from (used for) operating activities	**304**	**298**
Investing activities		
Investments in marketable securities held for trading	-	-
Proceeds from sale of marketable securities held for trading	-	140
Proceeds from sale of marketable securities available for sale	1,886	-
(Investments in) proceeds from short-term deposits, net	(663)	11
Investments in long-term deposits	-	-
Investment in property, plant and equipment	(203)	(254)
Proceeds from sale of equipment	22	7
Cash flows generated from (used for) investing activities	**1,042**	**(96)**
Financing activities		
Dividend paid	(1,679)	-
Cash flows used for financing activities	**(1,679)**	**-**
Net (decrease) increase in cash and cash equivalents	(333)	202
Cash and cash equivalents at beginning of the period	7,961	8,230
Effect of exchange rate fluctuations on cash held	(179)	(3)
Cash and cash equivalents at end of the period	**7,449**	**8,429**
Supplementary disclosure		
Interest received included in cash flows generated from(used for) operating activities	76	127
Tax paid included in cash flows generated from (used for) operating activities	295	665

"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".

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