PAYTON GROUP
INTERNATIONAL

PRESS RELEASE
November 18th 2010
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Q3 10 Report[1]

Sales Revenues of USD 7.7 million
Backlog as of September 30, 2010 of USD 12.4 million

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the third quarter of 2010 (three-month period ending September 30, 2010). Sales revenues for the third quarter of 2010 totaled USD 7.685 million compared to USD 4.017 million on September 30, 2009. The substantial sales volume increase can be attributed to a number of new projects matured and transferred to production and to the global financial upturn.

The net profit for the third quarter ending September 30, 2010 almost tripled to USD 1,711 thousand from USD 615 thousand for the same period last year. The net profit for the nine-month period ending September 30, 2010 totaled USD 3,694 thousand (USD 1,378 thousand for the same period last year).
The order and purchase backlog as of September 30, 2010 amounted to USD 12.413 million.
For the rest of the year, Payton is expecting to continue on this profitable path.

Operational highlights in Q3 2010

Q3 2010 was characterized by a number of new projects matured and transferred to production in the telecom and in the TV sectors. The group is still considering centralization by moving into one common building, and is constantly looking for real-estate opportunities. Payton continues to penetrate and design-in to the Automotive (EV/HEV) and the 'High-Reliability' segments.

Key financial highlights for Q3 2010

Sales revenues

The sales revenues for the three-month period ended September 30, 2010 amounted to USD 7,685 thousand compared with USD 4,017 thousand for Q3 2009. On September 30, 2010 one high volume customer is representing 26% of the sales. A second customer representing 24% of the sales is expected to reach its end of life by mid 2011. However, this is not supposed to have a significant impact on future sales volume, since only USD 900 thousand out of the whole 30.9.10 Backlog is still yet to be supplied.

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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, 2009.

The Group's sales revenue for the nine-month period ended September 30, 2010 were USD 18,688 thousand compared with USD 10,402 thousand in the nine-month period ended September 30, 2009.

Cost of sales and gross result

Cost of sales for the third quarter of 2010 increased to USD 4,276 thousand from USD 2,451 thousand in the same period last year. Payton's gross profit for the three-month period ended September 30, 2010 amounted USD 3,409 thousand (44.4% of sales) compared to USD 1,566 thousand (39.0% of sales) in the three-month period ended September 30, 2009. The increase in the gross profit relates to the sales growth, whereas expenses included in the cost of sales did not increase in a similar proportion.

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 9 months of 2010 went down by 4.1% compared to average rate of year 2009, reflecting an increase in the costs when they are presented in USD.

Expenses

During the third quarter of 2010, General & Administrative (G&A) expenses increased to USD 700 thousand, compared to USD 503 thousand for the same period in 2009. The increase includes management incentives to Payton's parent company following its improved profitability.
Selling & Marketing expenses increased from USD 306 thousand in Q3 2009 to USD 580 thousand in 2010. The increase in the expenses is in line with the increase in sales. Marketing efforts were concentrated on the participation in major electronic power shows, including to the MDDI exhibition in Haifa, Israel. Development costs in Q3 2010 amounted to USD 170 thousand..

Operating and financial result

The Q3 operating profit as at 30 September 2010 almost totals USD 1,959 thousand compared to USD 595 thousand the same period last year. For the third quarter of 2010, Payton recorded a net financial income of USD 259 thousand resulting from interest on deposits and a value increase of marketable securities on one hand and from the erosion of financial assets (in Euro and in NIS) and a loss from selling the ARS Marketable Securities available for sale on the other hand.

The profit before income taxes for the third quarter of 2010 amounts to USD 2,218 thousand compared to a profit of USD 843 thousand in Q3 2009.

Taxes on income

Income tax expenses for the third quarter of 2010 totalled USD 507 thousand compared to tax expenses of USD 228 thousand in the same period last year. The decrease in tax expenses percentage[2] resulted mainly from local tax benefits and from recognition of tax assets (deferred taxes) on losses.

Result of the period

The total result for Q3 2010 was a net profit of USD 1.711 million compared to USD 615 thousand in the same period last year 2009. The 9-months net profit totaled USD 3.694 million.

Balance sheet - Cash position

Cash and cash equivalents, marketable securities and short-term deposits amounted to USD 16,008 thousand as at September 30, 2010 compared to USD 15,235 thousand as at September 30, 2009 and USD 14,176 thousand as at December 31, 2009.

Marketable securities available for sale (non-current assets) amounted to USD 957 thousand as at September 30, 2010 compared to USD 2,813 thousand as at December 31, 2009 and USD 2,783 thousand as at September 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 September 30, 2010, the fair value of the remaining balance of ARS was assessed at the amount of USD 957 thousand, compared to USD 949 thousand as at December 31, 2009.

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[2] Income taxes divided to the profit before income taxes

Trade accounts receivable amounted to USD 7,087 thousand as at September 30, 2010 compared to USD 3,262 thousand as at September 30, 2009. The increase is explained by the significant rise in sales volume.

Cash flow

Cash flow generated from operating activities in first nine months in 2010 amounted to USD 1,904 thousand compared to USD 1,404 thousand in the same period last year. The increase resulted mainly from the significant growth in business activity reflecting increase in the net profit, which was also impacted by changes in trade receivables and trade payables.

Cash flow generated from investing activities in the nine-month period ended September 30, 2010, amounted to USD 1,153 thousand compared to USD 2,131 thousand in the same period last year and mainly results from the sale of marketable securities offset by investment in short-term deposits and in fixed-assets.

The Group financed its activities during the reported period from its own resources.

Outlook

On September 30, 2010, the order and purchase backlog of the Company amounted to USD 12,413 thousand (compared to the position on December 31, 2009 where backlog amounted to 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 September 2011.

According to Payton's assessment, the high volume project following the mass production manufacturing license agreement with Bujeon is slowing down and is expected to reach its end of life by mid 2011. However, this is not supposed to have a significant impact on future sales volume, since only USD 900 thousands out of the whole 30.9.10 Backlog is still yet to be supplied.

Statement by senior management in accordance with Royal Decree of 14 November 2009

Pursuant to article 13 § 2,3 of the Royal Decree of 14 November 2009, 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 at 30 September 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 nine 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 – November 18, 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 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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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 164 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 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 Comprehensive Income
- unaudited -

	3 months ended September 30	
	USD 000	USD 000
	2010	2009
Sales revenues	**7,685**	4,017
Cost of sales	**(4,276)**	(2,451)
Gross result	**3,409**	1,566
Development costs	**(170)**	(162)
Selling and marketing expenses	**(580)**	(306)
General and administrative expenses	**(700)**	(503)
Other income (expenses)	**-**	-
Operating profit (loss)	**1,959**	595
Financial income	**274**	258
Financial expense	**(15)**	(10)
Financial result, net	**259**	248
Profit (loss) before taxes on income	**2,218**	843
Income taxes	**(507)**	(228)
Net profit (loss) for the period	**1,711**	615
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**	9
Total comprehensive income for the period	**1,730**	624
Number of shares	**17,670,775**	17,670,775
Profit per share (in USD)	**0.10**	0.03

Condensed Interim Consolidated Balance Sheet
- unaudited -

	September 30	
	USD 000	**USD 000**
	2010	**2009**
Current assets	**25,471**	20,810
Non-current assets	**5,330**	4,879
Marketable securities available for sale	**957**	2,783
Total assets	**30,801**	25,689
Current liabilities	**6,393**	3,762
Non-current liabilities	**211**	150
Shareholders' equity	**24,197**	21,777
Total liabilities and shareholders' equity	**30,801**	25,689

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended September 30	
	USD 000	USD 000
	2010	2009
Net Operating activities		
Net profit for the period	**1,711**	615
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation	**71**	61
Capital gain on sale of equipment	**-**	-
(Decrease) increase in employee benefits	**14**	6
Decrease (increase) in trade receivables	**(961)**	520
(Increase) decrease in other accounts receivable	**4**	(134)
(Increase) decrease in inventory	**4**	59
Increase (decrease) in trade payables	**444**	41
(Decrease) increase in other payables and tax liability	**480**	39
Decrease (increase) in deferred taxes	**17**	28
Finance (income) expenses, net	**(184)**	(129)
Cash flows generated from operating activities	**1,600**	1,106
Investing activities		
Investments in marketable securities held for trading	**-**	(84)
Proceeds from sale of marketable securities held for trading	**-**	96
Proceeds from sale of marketable securities available for sale	**-**	-
Proceeds from (investments in) ST deposits, net	**254**	2,238
Investments in LT deposits	**(50)**	-
Investment in property, plant and equipment	**(99)**	(23)
Proceeds from sale of equipment	**6**	-
Cash flows generated from (used for) investing activities	**111**	2,227
Financing activities		
Dividend Paid	**-**	-
Cash flows generated from (used for) investing activities	**-**	-
Net increase (decrease) in cash and cash equivalents	**1,711**	3,333
Cash and cash equivalents at beginning of the period	**7,449**	8,429
Effect of exchange rate fluctuations on cash held	**132**	40
Cash and cash equivalents at end of the period	**9,292**	11,802
Supplementary disclosure		
Interest received included in cash flows generated from operating activities	**93**	102
Tax paid included in cash flows generated from operating activities	**230**	113

"Based on our review, including the reading of the review report of the other auditor as stated above, 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.)
(A member of KPMG International)

November 18, 2010