PAYTON GROUP
INTERNATIONAL

PRESS RELEASE
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Q3 09 Report[1]

Sales Revenues of USD 4 million
Backlog as of September 30, 2009 of USD 4.3 million
Proposed interim dividend of USD 0.095 per share

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the third quarter of 2009 (three-month period ending September 30, 2009).

Sales revenues for the third quarter of 2009 totaled USD 4.017 million compared to USD 4.246 million on September 30, 2008. And a 9.3% Sales revenues increase (USD 344 thousends) compare with the second quarter of 2009. The net profit for the third quarter ending September 30, 2009 amounted to USD 615 thousand (USD 172 thousands for the same period last year).

The order and purchase backlog as of September 30, 2009 amounted USD 4.317 million.

Considering the company's solid cash position, the Board of Directors decided to pay the members an interim dividend on account of the dividend of USD 0.095 per share (to be paid on January 12, 2010). The Board shall recommend the General Meeting to approve the said amount as final.

Operational highlights in Q3 2009

On July 2, 2009 Payton Industries, the parent company, informed that it considered a possible purchase of a real-estate property located in the central area of Israel, at a value of € 2.4 million. The industrial property was planned to centralize the activities of the current three leased local facilities into one single new building. On November 5, 2009 however, Payton Industries reported that the negotiations ended without reaching an agreement.

Key financial highlights for Q3 2009

Sales revenues

The sales revenues for the three-month period ended September 30, 2009 amounted to USD 4,017 thousand compared with USD 4,246 thousand for Q3 2008. The sales volume decrease was primary influenced by the affected business positions of Payton's customers resulting in orders slow-down since the credit crisis didn't end by the third quarter 2009. For the nine-month period ended September 30, one high volume customer is representing 11.5% of the sales. A second customer is representing 22.5% but the project was finalized as of September 2009.

[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, 2008.

The Group's sales revenues for the nine-month period ended September 30, 2009 were USD 10,402 thousand compared to USD 11,701 thousand in the nine-month period ended September 30, 2008.

Cost of sales and gross result

Cost of sales for the third quarter of 2009 decreased to USD 2,451 thousand from USD 2,655 thousandfor the same period last year. Payton succeeded to maintain the level of its gross profit ratio; gross profit for the 3-month period ended September 30, 2009 amounted to USD 1,566 thousand (39% of sales) compared to USD 1,591 thousand (38% of sales) in the third quarter of 2008.

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 2009, went up by 11% compared to average rate of year 2008, reflecting a decrease in the costs when they are presented in USD.

Expenses

During the third quarter of 2009, General & Administrative (G&A) expenses decreased to USD 503 thousand, compared to USD 545 thousand for the same period in 2008. Selling & Marketing expenses decreased from USD 362 thousand in Q3 2008 to USD 306 thousand in 2009. Marketing efforts were concentrated on the participation in major electronic power shows, including following exhibitions: Technology & Aviation (September, Israel) and the Automotive Hybrid Power Conference (September, Detroit, USA). Development costs decreased from USD 193 thousand to USD 162 thousand.

Operating and financial result

The total operating profit as at September 30, 2009 almost totals USD 0.6 million compared to USD 494 thousand the same period last year. For the third quarter of 2009, Payton recorded a net financial result of USD 248 thousand. The financial income of USD 258 thousand is attributable manly to the increase in marketable securities in addition to exchange rate fluctuations of financial assets (in Euro and in NIS).

Taxes on income

In the past, Payton always prepared its tax reports to the Israeli tax authorities in NIS. Starting from 2009, Payton is reporting according to the financial statements in USD in order to avoid exchange rate exposure. Net income taxes expenses in the first nine months of 2009 amounted to USD 450 thousand. During the same period last year, the company accumulated losses in its tax reports and recognised net tax expenses of USD 68 thousand.

Result of the period

The total result for the first nine months of 2009 was a net profit of USD 1.378 million compared to USD 1.267 million in the same period last year 2008. The 3-months net profit totaled USD 615 thousand.

Balance sheet - Cash position

Cash and cash equivalents, marketable securities and short-term deposits amounted to USD 15,235 thousand as at September 30, 2009 compared to USD 13,306 thousand as at September 30, 2008 and USD 13,984 thousand as at December 31, 2008. The increase resulted mainly of the net profit for the period.

Marketable securities available for sale amounted to USD 2,783 thousand as at September 30, 2009 compared to USD 2,660 thousand as at December 31, 2008. The said amounts represent Company's holding of securities with an Auction Reset feature ("ARS[2]"), which their fair value was assessed by a professional external appraisers company (Houlihan Smith & Company Inc). Payton included the total of this fair value decline, amounting USD 192 thousand in a capital reserve.

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[2] Auction Rate Securities ("ARS") are a debt instrument issued by local authorities, higher education institutions and others, with a long-term nominal maturity (exceeding 10 years at least), for which the interest rate is regularly reset through an auction. In the said auction, broker-dealers submit bids on behalf of potential buyers and sellers of the bond. Based on the submitted bids, the auction agent sets the next interest rate at the lowest rate to match supply and demand. Auctions are typically held every 7 or 28 days; interest on these securities is paid at the end of each auction period.

Finally, the management does not believe that the said securities can be materialized at their stated value in the short-term. Therefore and in accordance with IAS 39, Payton did not recognize impairment of the securities and presents them as a long-term investment 'Marketable securities available for sale', although all weekly and/or monthly interest payments have been paid in full.

Cash flow

Cash flow generated from operating activities in first nine months in 2009 amounted to USD 1,404 thousand compared to USD 1,078 thousand in the same period last year. The increase in resulted mainly from the increase in the net profit and additional cash flow adjustments.

Cash flow generated from investing activities in the nine-month period ended September 30, 2009, mainly resulted from proceeds from bank deposits and amounted to USD 2,131 thousand compared to USD 92 thousand in the same period last year.

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

Proposed interim dividend of USD 0.095 gross per share

Payton's strong cash position allows it to pay dividend to its shareholders. The Board of Directors has decided to pay the members an interim dividend on account of the dividend for the financial year 2008, at the amount of USD 1,679 thousands (USD 0.095 per share). The dividend will be paid out on January 12, 2010.

The Board shall recommend the General Meeting to approve the said amount as final.

Outlook

On September 30, 2009, the order and purchase backlog of the Company amounted to USD 4,317 thousand (compared to the position on December 31, 2008 where backlog amounted to USD 4,045 thousand). The backlog is composed of firm orders only. The management estimates that most of the backlog will be supplied until the end of June 2010.

Since the crisis is still effective, there is still uncertainty with regards to the business positions of Payton's customers and possible slowdown in orders. Since the exact course of the crisis cannot be foreseen, it is not possible to assess its consequences, but the management is closely monitoring any development and effect. In addition, the management is taking all necessary actions in order to cope with the situation, to the greatest extent possible.

To the best of the Board of Directors' and management's knowledge, there have been no significant changes in external factors that may materially affect the Company's financial position or results of operations.

Statement by senior management in accordance with Royal Decree of 14 November 2008

Pursuant to article 13 § 2,3 of the Royal Decree of 14 November 2008, 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 2009 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 26, 2009

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 160 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 Income
- unaudited -

	3 months ended September 30	
	USD 000	USD 000
	2009	2008
Sales revenues	**4,017**	4,246
Cost of sales	**(2,451)**	(2,655)
Gross result	**1,566**	1,591
Development costs	**(162)**	(193)
Selling and marketing expenses	**(306)**	(362)
General and administrative expenses	**(503)**	(545)
Other income	**-**	3
Operating profit	**595**	494
Financial income	**258**	110
Financial expense	**(10)**	(214)
Profit (loss) before taxes on income	**843**	390
Income taxes	**(228)**	(218)
Net profit (loss) for the period	**615**	172
Number of shares	**17,670,775**	17,670,775
Profit per share (in USD)	**0.03**	0.01

Condensed Interim Consolidated Balance Sheet
- unaudited -

	September 30	
	USD 000	**USD 000**
	2009	**2008**
Current assets	**20,810**	19,414
Non-current assets	**4,879**	5,106
Marketable securities available for sale	**2,783**	2,857
Total assets	**25,689**	24,520
Current liabilities	**3,762**	4,131
Non-current liabilities	**150**	147
Shareholders' equity	**21,777**	20,242
Total liabilities and shareholders' equity	**25,689**	24,520

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended September 30	
	USD 000 **2009**	USD 000 2008
Net Operating activities		
Net profit for the period	**615**	172
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation	**61**	59
Capital gain on sale of equipment	**-**	(3)
(Decrease) increase in employee benefits	**6**	(1)
Decrease (increase) in trade receivables	**520**	(609)
(Increase) decrease in other accounts receivable	**(134)**	(28)
(Increase) decrease in inventory	**59**	171
Increase (decrease) in trade payables	**41**	(71)
(Decrease) increase in other payables and tax liability	**39**	(155)
Decrease (increase) in deferred taxes	**28**	254
Finance (income) expenses, net	**(129)**	211
Cash flows generated from operating activities	**1,106**	-
Investing activities		
Investments in marketable securities held for trading	**(84)**	-
Investments in marketable securities available for sale	**-**	-
Proceeds from sale of marketable securities available for sale	**-**	-
Proceeds from sale of marketable securities held for trading	**96**	-
Proceeds from (investments in) deposits, net	**2,238**	(194)
Investment in property, plant and equipment	**(23)**	(143)
Proceeds from sale of equipment	**-**	9
Cash flows generated from (used for) investing activities	**2,227**	(328)
Net increase (decrease) in cash and cash equivalents	**3,333**	(328)
Cash and cash equivalents at beginning of the period	**8,429**	10,654
Effect of exchange rate fluctuations on cash held	**40**	(109)
Cash and cash equivalents at end of the period	**11,802**	10,217
Supplementary disclosure		
Interest received included in cash flows generated from operating activities	**102**	123
Tax paid included in cash flows generated from operating activities	**113**	78

"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 26, 2009