



PAYTON GROUP
INTERNATIONAL

PRESS RELEASE
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5 pm CET

HALF-YEAR RESULTS 2007

PAYTON CONTINUES ON ITS SUCCESS PATH

NET PROFIT OF USD 2.5 Million

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2007 (six-month period ending June 30, 2007).

The Company is pursuing its impressive performances. Sales revenues for the first six months of 2007 totalled USD 9.7 million compared to USD 8.7 million on June 30, 2006. The net profit for the six-month period ending June 30, 2007 amounted to USD 2.5 million (USD 2.6 thousand for the same period last year).

Payton Planar Magnetics Ltd. is an Israeli-based high-tech company listed on Euronext Brussels (ticker: PAY) and active in the field of planar transformers and inductors.

Key financial figures of the first half-year 2007

Sales revenues

The Company's sales revenues for the first half-year of 2007 were USD 9,663 thousand, representing an increase of nearly 11% compared to USD 8,734 thousand for the first half-year of 2006. The sales increase can be attributed both to recurring sales to existing customers and sales to new ones.

Cost of sales

Cost of sales for the first half-year of 2007 amounted to USD 4,734 thousand compared to USD 4,441 thousand for the same period last year. The slight increase reflects the cost generation needed for realizing the increased sales revenues.

Gross result

Gross profit for the first six months increased from USD 4,293 thousand (first half-year 2006) to USD 4,929 thousand in 2007. Gross margin increased to 51% first half-year 2007 compared to a ratio of 49% for the same period in 2006, following the over-all growth in sales volume, improved efficiency in material consumption and decrease in labor costs ratio (as a result of partially subcontracting production to Chinese venture).

Expenses

During the first half-year 2007, the Company's *General & Administrative (G&A) expenses* increased to USD 940 thousand, compared to USD 867 thousand for first half-year in 2006. The rise is attributable to the decrease in exchange rates of the USD in relation to the NIS causing an increase in these expenses when they are presented in USD.

Selling & Marketing expenses increased from USD 687 thousand in the first half-year of 2006 to USD 745, an increase in line with the raise in sales revenues. Marketing efforts were concentrated on the participation in trade fairs ("APEC 2007" exhibition in Los Angeles, U.S.A., Electronica & Productronica China 2007 with PCIM" exhibition in Shanghai, China, and in "Electronica" exhibition in Tel-Aviv, Israel, in "PCIM" exhibition in Nuremberg, Germany.) *Development costs* increased from USD 262 to USD 300.

Operating result

The total operating profit before the financial result for the first half-year of 2007 amounts to USD 2,944 thousand compared to USD 2,477 thousand the same period last year. The improved results are mainly due to efforts by the Company for achieving a high level of revenues while maintaining a low level of all main categories of expenses and costs.

Financial result

During the first six months of 2007, the Company recorded a financial profit of USD 249 thousand compared to USD 88 thousand for the first half of 2006.

Profit before income taxes

The profit before income taxes for the first half-year of 2007 is USD 3,192 thousand compared to a profit of USD 2,565 thousand in the first half-year of 2006, an impressive increase of more than 24 %.

Taxes on income

In the first half-year of 2007, taxes on income amounted to USD 658 thousand (net tax expenses) compared to a net income tax benefit of USD 45 thousand in first half-year of 2006. The rise is attributable to the fact that in first half-year of 2006 the company recorded a tax income amounting USD 706 thousand (due to recognizing a deferred tax asset) which offset the tax expense; Whereas, during the first half of 2007 the Company already used most of its deferred tax assets and its profits are fully taxable.

Result of the period

The total result for the first half-year of 2007 was a net profit of USD 2,534 thousand. Compared to the first half-year of 2006, USD 2,610 thousand.

Outlook

The Company is currently conducting negotiations with regard to the purchase of premises in Florida. The premises will be used by its subsidiary, Payton America Inc., instead of the current leased premises. The company estimates the total investment in this purchase, including related costs to amount USD 800 thousand.

On June 30, 2007, the order and purchase backlog of the Company amounted to USD 5,707 thousand (compared to the position on December 31, 2006 where backlog amounted to USD 5,332 thousand). The backlog is composed of firm orders only. The management estimates that most of the backlog will be supplied until the end of year 2007.

External factors effects

Devaluation of the U.S. Dollar with relation to the local Israeli currency causes an increase in the Group's labor costs. Most of the Group's salaries and other operating costs are fixed in local New Israeli Shekel ("NIS"). The recent fluctuations of the U.S. Dollar with relation to the NIS can influence the operating results of the company.

<p>For more information, please visit Payton's web site at www.paytongroup.com or contact Michal Lichtenstein, CFO at 00- 972-3-9611164 -Michal@paytongroup.com or Alexandra Niehe at 00-32 57-21 44 54 - aniehe@citigate.be</p>

Complete financial statements

The complete unaudited financial statements are available for downloading in the investors section of www.paytongroup.com

Annex: Financial Statements

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).

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.

Statement of Income - unaudited -

	Six months ended June 30	
	USD 000 2007	USD 000 2006
Sales revenues	9,663	8,734
Cost of sales	4,734	4,441
Gross result	4,929	4,293
Development costs	300	262
Selling and marketing expenses	745	687
General and administrative expenses	940	867
Operating profit	2,944	2,477
Financial income	286	125
Financial expense	(37)	(37)
Other income (expenses)	(1)	-
Profit before taxes on income	3,192	2,565
Income taxes	(658)	45
Net profit for the period	2,534	2,610
Number of shares	17,670,775	17,600,000
Profit per share (in USD)	0.14	0.15

Balance Sheet - unaudited -

	June 30	
	USD 000 2007	USD 000 2006
Current assets	19,953	12,421
Non-current assets	1,107	1,392
Total assets	21,060	13,813
Current liabilities	4,143	3,334
Non-current liabilities	202	521
Shareholders' equity	16,715	9,958
Total liabilities and shareholders' equity	21,060	13,813