Regulated Information
PRESS RELEASE
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Half-year 2016 Report[1]

Sales Revenues of USD 14,068 thousand
Order Backlog as of June 30, 2016 of USD 10,383 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half-year of 2016 (six-month period ending June 30, 2016).
Sales revenues for the first six months of 2016 totaled USD 14,068 thousand compared to USD 13,583 thousand in the six-month period ended June 30, 2015.

The Group's order backlog as of June 30, 2016 totaled USD 10,383 thousand.

Key financial highlights for the first half-year of 2016

Sales revenues
The Group's sales revenues for the six-month period ended June 30, 2016 were USD 14,068 thousand compared to USD 13,583 thousand in the six-month period ended June 30, 2015. Sales revenues in the second quarter of 2016 were USD 7,498 thousand compared to USD 7,398 thousand in the second quarter of 2015.

Cost of sales and gross result
The Group's gross profit for the six-month period ended June 30, 2016 amounted to USD 4,543 thousand (32% of sales) compared to USD 5,137 thousand (38% of sales) in the six-month period ended June 30, 2015. The decrease in gross profit attributed mainly to material costs of different product mixes and different production locations of each quarter sales.

Expenses
During the first half-year ended June 30, 2016, *General & Administrative expenses* increased to USD 1,458 thousand compared to USD 1,403 thousand in the six-month period ended June 30, 2015.
Selling & Marketing expenses are mainly comprised of: (1) commissions to the Group's reps' and Marketing Personnel, which are calculated as a portion of sales and of (2) other selling expenses (fixed) based on management policy. The Group's marketing efforts are concentrated through participation in major power electronic shows around the world and by collaborating with its worldwide rep's Network.
The Group's *Selling & Marketing expenses* during the first half-year ended June 30, 2016 amounted to USD 1,142 thousand compared to USD 1,077 thousand in the six months ended June 30, 2015. The increase in selling & marketing expenses relates to expanding our marketing team worldwide.

[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, 2015.

Operating and financial result

The total operating profit for the first half-year of 2016 amounted to USD 1,426 thousand compared to USD 2,182 thousand the same period last year. During the first six months of 2016, Payton recorded a net finance income of USD 93 thousand, compared to a net finance income of USD 20 thousand for the first six months of 2015. The increase in this finance income resulted mainly from a decrease in interest costs to bank, due to the repayment of the long term loan, and due to exchange rate differences.

Taxes on income

Tax expenses for the first six months of 2016 totaled USD 276 thousand, compared to USD 431 thousand for the six-month period ended June 30, 2015.

Result of the period

The total result for the first half-year of 2016 was a net profit of USD 1,243 thousand.

Balance sheet - Cash position

Cash and cash equivalents and Short-term deposits amounted to a total of USD 17,377 thousand as at June 30, 2016 compared to USD 19,522 thousand as at December 31, 2015 and USD 16,818 thousand as at June 30, 2015. It is noted that, USD 1,000 thousand as at June 30, 2015 were classified as Long-term deposits, and as such were then presented under the non-current assets. The decrease in these items, compared to December 31, 2015 is mainly explained by a dividend payment at the amount of USD 3,092 thousand that was paid on January 14, 2016.

Liabilities to bank and others (Current & Non-current Liabilities) - amounted to a total of USD 88 thousand as at June 30, 2016 compared to USD 240 thousand as at December 31, 2015 and USD 1,873 thousand as at June 30, 2015. The amount of USD 88 thousand as at June 30, 2016 represents the contingent consideration against the purchase of Himag Solutions Ltd.
As at June 30, 2015 these liabilities comprised of an originally 10 year bank loan in the amount of USD 1,657 thousand (out of which USD 229 thousand are presented as current liabilities) that on October 2015, was paid in full. The additional USD 216 thousand represents the contingent consideration against the purchase of Himag Solutions Ltd.

Cash flow

Cash flows generated from operating activities for the six-month period ended June 30, 2016 amounted to USD 1,416 thousand, compared to cash flows at the amount of USD 2,718 thousand for the six-month period ended June 30, 2015. The decrease in the cash flows from operating activities resulted mostly from the decrease in the net profit for the period as well as from other changes in assets and liabilities such as the increase in trade receivables. *Cash flows generated from investing activities* in the six-month period ended June 30, 2016 amounted to USD 9,225 thousand, compared to cash flows of USD 268 thousand in the six-month period ended June 30, 2015. *Cash flows used for financing activities* for the six-month period ended June 30, 2016 amounted to USD 3,251 thousand, compared to USD 272 thousand in the six-month period ended June 30, 2015. A dividend, at the amount of USD 3,092 thousand, that was announced on November 23, 2015 (USD 0.175 per share), was paid in full on January 14, 2016.

Outlook

On June 30, 2016, the Group's order backlog totaled USD 10,383 thousand (compared to the position on December 31, 2015 where the backlog totaled USD 11,010 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of June 30, 2016 will be supplied until March 31, 2017.

The complete financial statements and the half-year report and Q2 figures are available for downloading in the investors section of 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, conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 190 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, U.K. and 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 Income
- unaudited -

	Six months ended June 30	
	2016	2015
	USD 000	USD 000
Sales revenues	**14,068**	13,583
Cost of sales	**(9,525)**	(8,446)
Gross profit	**4,543**	5,137
Development costs	**(516)**	(486)
Selling and marketing expenses	**(1,142)**	(1,077)
General and administrative expenses	**(1,458)**	(1,403)
Other income (expenses)	**(1)**	11
Operating profit	**1,426**	2,182
Financial income	**110**	105
Financial expenses	**(17)**	(85)
Financial income (expenses), net	**93**	20
Profit before income taxes	**1,519**	2,202
Income taxes	**(276)**	(431)
Profit for the period	**1,243**	1,771
Other comprehensive income items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan, net of taxes	**1**	-
Total comprehensive income for the period	**1,244**	1,771
Number of shares	**17,670,775**	17,670,775
Basic earnings per share (in USD)	**0.07**	0.10

Condensed Interim Consolidated Balance Sheet
- unaudited -

	June 30	
	USD 000	USD 000
	2016	2015
Current assets	**26,503**	26,753
Non-current assets	**12,997**	14,567
Total assets	**39,500**	41,320
Current liabilities	**4,609**	4,812
Non-current liabilities	**850**	2,175
Equity	**34,041**	34,333
Total liabilities and Equity	**39,500**	41,320

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Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited $ thousands	2016	2015
Operating activities		
Profit for the period	**1,243**	1,771
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation & amortization	**499**	522
Capital loss (gain) on sale of equipment	**-**	(11)
Income Taxes	**276**	431
Changes in the fair value of contingent consideration	**1**	-
Increase (decrease) in employee benefits	**128**	198
(Increase) decrease in trade accounts receivables	**(655)**	139
(Increase) decrease in other accounts receivable	**(130)**	104
Decrease (increase) in inventory	**439**	(277)
(Decrease) increase in trade payables	**(284)**	(165)
Increase (decrease) in other payables	**(127)**	(32)
Interest received	**101**	77
Interest paid	**-**	(34)
Tax paid	**(225)**	(226)
Tax received	**198**	242
Finance (income) expenses, net	**(48)**	(21)
Cash flows generated from operating activities	**1,416**	2,718
Investing activities		
Proceeds from sale of marketable securities held for trading	**-**	205
Proceeds from (Investments in) deposits, net	**9,488**	1,034
Investment in fixed assets	**(263)**	(989)
Proceeds from sale of fixed assets	**-**	18
Cash flows generated from investing activities	**9,225**	268
Financing activities		
Repayment of loan	**-**	(113)
Payment of contingent consideration	**(159)**	(159)
Dividend paid	**(3,092)**	-
Cash flows used for from financing activities	**(3,251)**	(272)
Net increase in cash and cash equivalents	**7,390**	2,714
Cash and cash equivalents at beginning of the period	**6,004**	4,692
Effect of exchange rate fluctuations on cash held	**(10)**	3
Cash and cash equivalents at end of the period	**13,384**	7,409