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REGULATED INFORMATION
PRESS RELEASE
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Full Year Results 2012 – Stable results in stressed year

Sales Revenues of USD 17,6 million
Backlog as of December 31, 2012 of USD 6,217 thousand

Rishon Le Zion (Israel) – Payton Planar Magnetics (the "Company" or "Payton") today announced its financial results for the year ending December 31, 2012.

Sales revenues for 2012 totaled USD 17,6 million compared to USD 18 million on December 31, 2011. The sales in 2012 were affected by the global slowdown as well as by the termination of one major, high volume, project (customer A).

The net profit for 2012 decreased to reach USD 2.4 million from USD 2.7 million for the same period last year.

As at December 31, 2012, the company's cash position amounted to USD 19,703 thousand.

Although the evolution of the general economy remains unpredictable, the management expects to continue its regular course of business. In 2013, the group will continue to develop its core Telecom, Hi-Rel, Avionics, Space and medical applications markets. In addition, the company will increase efforts to attract new customers in new high growth segments such as Automotive (EV/HEV). Company targets to expand its activity focusing in China, Japan, North America and U.K.

Order and purchase backlog as of December 31, 2012 were USD 6,217 thousand compared to USD 6,881 thousand **last year.**

Operational highlights in 2012

Starting January 1st, 2012, following the purchase agreement approved on November 8, 2011, the business activity of Payton Technologies (1991) Ltd ("Payton Technologies"), a sister-company fully owned by the parent company (Payton Industries), was merged into the Company. All operational assets and liabilities of Payton Technologies as of January 1, 2012 were transferred into the Company for the consideration of the amount of NIS 5.6 million (about € 1.1 million). In order to estimate the fair value of the intangible assets acquired, a Purchase Price Allocation ("PPA") was conducted by Fair Value Ltd., an independent business appraiser, part of EEBC Economic Advisory Group.

Based on the PPA the surplus on the investment was allocated to: production files, open orders and goodwill. See also Note 5 to the Consolidated Financial Statements as of 31.12.12.

In addition, according to the said Purchase Agreement, all key executive officers, employed by the parent company, as of January 1, 2012, are employed directly by the Company, and no participation in parent company management fees is allocated to the Company.

The purchase agreement of a real-estate property, signed March 10, 2011, for a total amount of NIS 13,250 thousand, excluding 16% VAT (about € 2.7 million excl. VAT). On August 16, 2011, the real-estate transaction was completed and the Company received the possession rights.

The industrial property will house the activities of the three currently-leased local facilities in one single new building. Management expects that centralizing the activities in the new building will lead to economies of scale and also offer opportunities for synergies between product lines.

On July 18, 2012, the Company concluded and signed agreements with three main construction contractors (total value USD 4.5 million) in order to suit the industrial property to Payton's needs. For funding part of these investments, in October 2012, the Company received a USD 3.5 million long-term loan, against a mortgage of the building. The additional costs required for the completion are estimated to additional USD 3 million (total value USD 9 million). Company anticipates that the new facility will become fully operational by middle of year 2013.

On December 28, 2012 - Further to M.O.U signed on 22.11.12 the Company, via its fully owned UK subsidiary, has executed an agreement to purchase the business activity of Himag Solutions Ltd., a UK company, engaged in the transformers global market. The purchase relates to the Selling Company's business activity (excluding all types of liabilities and obligations) regarding production, development, marketing and distribution of magnetic elements (transformers), including, among others, fixed assets, goodwill, inventory, agreements and intellectual property rights (hereinafter: "The Purchased Activity "). The consideration for the purchased activity has been set to USD 1.2 million paid on 31.12.12 and additional consideration for the purchased activity, conditional upon achieving a minimum annual sales turnover as detailed in note 5.B. to the Financial Statements.

Financial highlights in 2012

Sales revenues[1]

Sales revenues for the year ended December 31, 2012 amounted to USD 17,601 thousand compared with USD 17,956 thousand for the year ended December 31, 2011. The contribution of the fourth quarter was USD 4,502 thousand compared to USD 3,664 thousand in Q4 2011.

The revenues were generated primarily from large automotive companies, industrial companies, medical and Hi-Rel applications manufacturers. Revenues for the year ended 2012 consisted of recurring sales to existing customers and sales to new ones.

Cost of sales & gross result

The level of costs is influenced by exchange rate of the USD in relation to the NIS. The average rate of the USD with relation to the NIS, during 2012, went up by 8% compared to average rate of year 2011, reflecting a decrease in the above-mentioned costs when they are presented in USD.

Cost of sales amounted to USD 11,248 thousand in 2012 compared to USD 9,571 thousand in 2011. The gross profit for 2012 amounted to USD 6,353 thousand (36%), compared to USD 8,385 thousand (47%) in 2011. The decrease in the gross profit ratio relates mainly to the products mix and to the integrated sales of Conventional transformers, characterized by lower gross margings, together with the sales of the Planar transformers.

Expenses

In 2012, *General& Administrative expenses* (G&A) amounted to USD 2,345 thousand compared with USD 2,543 thousand in the year ended December 31, 2011. The decrease in these expenses relates mainly to the devaluation of the local currency with relation to the USD, and to the reorganization made in Payton Group starting January 1st, 2012.

Payton's *Selling & marketing expenses* which mainly comprise of commissions to the Group's reps' and Marketing Personnel and other selling expenses (fixed) based on management policy decreased from USD 1,816 thousand in 2011 to USD 1,740 thousand this year. The decrease in these expenses is in line with the decrease in sales.

Operating & financial result

The total operating profit before the financial result for 2012 amounts to USD 1,404 thousand compared to USD 3,224 thousand last year. In 2012, Payton Planar recorded a financial profit of USD 411 thousand compared to USD 99 thousand in 2011. The finance income during year 2012 resulted mainly from: profits of marketable securities, profits from finance derivatives and currency exchange rate gains.

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[1] As from January 1, 2011, according to IFRS 8, Payton's segment report is to be provided in accordance with the management approach. Following this approach the financial statements do not include information on a geographical basis.

Profit before income taxes

The profit before income taxes for the financial year 2012 is USD 1,815 thousand compared to a profit of USD 3,323 thousand in 2011.

Taxes on income

In 2012, Payton recorded a net tax income of USD 568 thousand compared to net tax expenses of USD 601 thousand in 2011. Income taxes were mostly affected by the write-off of excess tax liability following a final tax assessment.

Result of the period

The total result for financial year 2012 was a net profit of USD 2,383 thousand, compared to USD 2,722 thousand in 2011. The Q4 2012 net profit totaled USD 546 thousand.

Balance sheet – cash position

Cash and cash equivalents, Marketable securities held for trading and Short-term Deposits amounted to a total of USD 19,703 thousand as at December 31, 2012 compared to USD 19,291 thousand as at December 31, 2011. The cash generated from operating activity and from a USD 3.5 million bank loan used for investing in the real-estate property and in the two business activities acquisition

Trade accounts receivable amounted to USD 3,519 thousand as at December 31, 2012 compared to USD 2,753 thousand as at December 31, 2011. The increase in this item is explained by the increase in sales volume, in the period near the report date, mostly as a result of the business activity purchased from Payton Technologies.

Cash flow statement

Cash flows generated from operating activities for the year ended December 31, 2012 amounted USD 1,493 thousand, compared with the cash flows generated from operating activities of USD 2,538 thousand for the year ended December 31, 2011. The decrease in cash flows generated from operating activities resulted mainly from the decrease in net profit as well as from the changes in trade receivables, trade payables and other payables.

Cash flows used for investing activities in the year ended December 31, 2012 amounted USD 8,266 thousand compared with cash flows used for investing activities of USD 4,431 thousand in the year ended December 31, 2011. During the year 2012 the company used these cash flows mainly for building the industrial real-estate property, acquiring the two business activities and investing in short term bank deposits.

Cash flows generated from financing activities in the year ended December 31, 2012 amounted USD 3,442 thousand.

The Group financed its activities during the reported periods from its own resources and from a long term bank loan.

Outlook

Order and purchase backlog of the Group as of December 31, 2012 amounted to USD 6,217 thousand. As of March 20, 2013, this backlog amounted to USD 6,543 thousand (December 31, 2011 - USD 6,881 thousand). The backlog is composed of the company and its two fully owned subsidiaries firm orders. The management estimates that most of the backlog as of 31.12.12 will be supplied until the end of September 2013.

The global slowdown affecting the Group's performance in year 2011 continued and characterize year 2012 as well. Nowadays market fluctuations are very rapid and unpredictable, therefore 2013 trend is very hard to foresee. The global economy in Europe and in the U.S. is very unstable and the recovery in these economies will be gradual and slow. Taking into consideration a gradual slowdown in emerging economies too, global growth will be slow. The challenge in this global economy slow growth environment is to raise productivity, to address and develop new markets and to expand the group's core business.

The management is closely monitoring all above-mentioned market fluctuations and will continue its regular business by expanding products exposure and enlarging market share. In addition, in 2013 Payton will face two business and operational challenges, which are: the completion of the construction project of the industrial real estate property and moving all production facilities in it, in order to house all local business activities under one roof and the integration of the new business activity of Himag into Payton Group. The management believes that achieving these goals will increase the group efficiency and productivity and expand its business.

Also, Payton will go on in its marketing efforts aiming to expand products exposure and enlarging market share, and will continue its search for business and M&A opportunities, synergetic to its core business.

As a result of Payton's conservative cash policy, the management estimates that the Group is financially strong and no liquidity problems are expected in the foreseeable future.

External risk factors

Payton has noted that the interest of conventional transformer manufacturers to get into the Planar field increases. Following companies are considered as potential competitors: Pulse and Coilcraft (USA), Premo (Spain) and Himag[2] (U.K.). However, Payton believes in its technology advantage and capabilities and estimates it could generally benefit from and increasing competition in the market due to the greater exposure of the technology.

Revaluation/devaluation of the local Israeli currency in relation to the U.S. Dollar leads to an increase/decrease (respectively) in labor costs and other operating costs. Most of the Group's salaries and other operating costs are fixed in NIS; therefore, the operating results of the Company are being affected.

During 2012, since the Company conducted the construction process of the industrial real-estate property, revaluation/devaluation of the local Israeli currency in relation to the U.S. Dollar lead to an increase/decrease (respectively) in the accumulated value of the building (fixed assets). All engagement with construction contractors are fixed in the local NIS, therefore costs allocated as fixed assets were affected.

Devaluation of the Euro in relation to the U.S. Dollar leads to a decrease in company's assets in Euro.

Other changes in external factors that may affect Payton's results are related to telecom market fluctuations and to the rise in metal prices, especially copper, steel, tin and silver which are part of the transformers bill of materials.

Independent Auditors' Report – 27 March 2012

The selected consolidated financial data are derived from the Audited Financial Statement of the Company as of and for each of the years in the two years period ended December 31.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and the requirements of Israeli law.

The results have been audited by Somekh Chaikin, Certified Public Accountants, a member firm of KPMG International. The conclusion of the auditor is as follows: *"In our opinion based on our audit and on the reports of the abovementioned other auditors, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at December 31, 2012, and of its consolidated income statement, the consolidated statement of changes in shareholders' equity and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards."*

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[2] Staring 31.12.12 the business activity of this company was purchased by the Company.

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 at 31 December 2012 are drawn up in accordance with IFRS-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 financial year, their impact on the financial statements, the main risk factors and uncertainties, as well as the main transactions with related parties and their possible impact on the financial statements.

The complete audited financial statements and the annual report are available for downloading in the investors section of www.paytongroup.com

Key financial figures – Payton Planar Magnetics Ltd.

Consolidated Statements of Comprehensive Income
- audited -

	12 months ended December 31	
	USD 000 2012	USD 000 2011
Sales revenues	**17,601**	17,956
Cost of sales	**(11,248)**	(9,571)
Gross result	**6,353**	8,385
Development costs	**(859)**	(804)
Selling and marketing expenses	**(1,740)**	(1,816)
General and administrative expenses	**(2,345)**	(2,543)
Other income (expenses)	**(5)**	2
Operating profit (loss)	**1,404**	3,224
Financial income	**581**	246
Financial expense	**(170)**	(147)
Financial result, net	**411**	99
Profit (loss) before taxes on income	**1,815**	3,323
Income taxes	**568**	(601)
Profit (loss) for the year	**2,383**	2,722
Other comprehensive income		
Net change in fair value of available-for-sale assets transferred to profit or loss	**-**	60
Net change in fair value of available-for-sale assets	**-**	(13)
Total comprehensive income for the period	**2,383**	2,769
Number of shares	**17,670,775**	17,670,775
Profit per share (in USD)	**0,13**	0,15

Consolidated Balance Sheet
- audited -

	2012 USD 000	2011 USD 000
ASSETS		
Current assets	**27,500**	25,017
Non-current assets	**9,514**	6,280
Total assets	**37,014**	31,297
Liabilities and shareholders' equity		
Current liabilities	**3,058**	3,091
Non-current liabilities	**3,641**	274
Shareholders' equity	**30,315**	27,932
Total liabilities and shareholders' equity	**37,014**	31,297

Current Shareholders structure

Shareholder name	# of shares	% outstanding shares	Comments
Payton Industries Ltd.	11,694,381	66.2%	Israeli company traded in the Tel Aviv stock exchange.
Public	5,976,394	33.8%	Listed on the Euronext since June 1998
Total	17,670,775	100.0%	Total outstanding shares.

Consolidated Cash Flow Statement

Audited - USD thousands	**2012**	2011
Operating activities		
Profit for the year	**2,383**	2,722
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortization	**596**	324
Income taxes	**(568)**	601
Capital loss (gain) on sale of fixed assets	**5**	(2)
Increase in employee benefits	**175**	24
(Increase) decrease in trade accounts receivables	**(19)**	2,675
Increase in other accounts receivable	**(52)**	(238)
Increase in inventory	**(269)**	(393)
Increase (decrease) in trade payables	**160**	(1,267)
Increase (decrease) in other payables	**67**	(1,053)
Finance income, net	**(302)**	(120)
Interest received	**234**	259
Interest paid	**(138)**	-
Tax paid	**(779)**	(994)
Cash flows generated from operating activities	**1,493**	2,538
Investing activities		
Proceeds from sale of marketable securities held for trading	**200**	319
Proceeds from sale of marketable securities available for sale	**-**	940
Proceeds from (investments in) short-term deposits, net	**(3,766)**	(1,027)
Investment in fixed assets	**(2,100)**	(4,684)
Proceeds from sale of fixed assets	**37**	21
Acquisition of business activity from related party	**(1,437)**	-
Acquisition of other business activity	**(1,200)**	-
Cash flows generated from (used for) investing activities	**(8,266)**	(4,431)
Financing activities		
Loan received from bank	**3,500**	-
Repayment of loan	**(58)**	-
Cash flows generated from financing activities	**3,442**	-
Net decrease in cash and cash equivalents	**(3,331)**	(1,893)
Cash and cash equivalents at beginning of the year	**10,964**	12,932
Effect of exchange rate fluctuations on cash held	**(51)**	(75)
Cash and cash equivalents at end of the year	**7,684**	10,964

Note :

This document 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

Reference in this document to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

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 170 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Automotive Telecommunications, cellular infrastructure, welding machines, High-reliability/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).

For more information, please visit Payton's web site at www.paytongroup.com
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