



PAYTON GROUP
INTERNATIONAL

PRESS RELEASE

29 May 2007

FIRST QUARTER 2007 RESULTS

NET PROFIT OF USD 1.130 million

IMPRESSIVE OPENING FOR 2007

Payton Planar Magnetics Ltd announced today its financial results for the first quarter of 2007 (three-month period ending 31 March 2007). The company realised during the first quarter an increase both in terms of revenues and net profit compared to the first quarter 2006. Net profit for the first quarter reached USD 1,130 thousand.

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

Key figures of income statement:

Sales Revenues

Sales revenues for the first quarter (three-month period ending 31 March 2007) were USD 4,575 thousand compared to USD 3,670 thousand for the same period last year (Q1 2006). This represents an increase of about 24.7%.

Backlog orders (composed of firm orders only) to be executed in the coming quarters amounted on 31 March 2007 to about USD 6,541 thousand.

Cost of sales

Cost of sales for the Q1 2007 amounted to USD 2,305 thousand compared to USD 2,030 thousand in the same quarter last year (Q1 2006). This increase is in line with the increase in sales revenues generated.

Gross Profit

Following the increase of revenues and the limitation of costs, the Group's gross profit increased from USD 1,640 thousand in Q1 2006, to USD 2,270 thousand for the first quarter 2007. The Group's gross margin increased from 45% in the first quarter of 2006 to 50% and in the first quarter of 2007.

Expenses

General & Administrative (G&A) expenses for the first quarter 2007 amounted to about USD 453 thousand, compared to USD 408 thousand in the same period last year. Development costs increased from USD 129 thousand in the first quarter of 2006 to USD 158 thousand in the present first quarter.

Taxes on income of the quarter

In the first quarter of 2007 the group recorded net tax expense of USD 234 compared to a net income tax benefit amounting to USD 80 thousand recognised in the first quarter of 2006. As of March 31, 2007 the Company used most of its deferred tax assets and its profit is taxable.

Net Profit for the period

The first quarter 2007 ended with a net profit of USD 1,130 thousand, 21% increase compare to net profit of the first quarter 2006 (USD 931 thousand).

External factors effects

The global devaluation of the U.S. Dollar and especially its devaluation with relation to the local Israeli currency causes an increase in the Group's labor costs. It is noted that, most of the Group's salaries and other operating costs are fixed in local New Israeli Shekel ("NIS"). The devaluation of the U.S. Dollar with relation to the NIS might influence the operating results of the second quarter of 2007.

The company management cannot foresee, at this stage, the financial effect of the U.S. Dollar devaluation.

To the best of the Board of Directors' and management's knowledge, except the above mentioned U.S. Dollar devaluation, there have been no significant changes in external factors that may materially effect the Company's financial position or results of operations.

Note to the editor:

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 188 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).

Complete financial statements

The complete unaudited financial statements of March 31, 2007 are available for downloading in the investors section of www.paytongroup.com as of May 29, 2007.

Annex: Financial Statements

For more information, please visit Payton's web site at www.paytongroup.com or contact Nathalie Verbeeck at 00-32 2-713 07 32 - nverbeeck@citigate.be or Michal Lichtenstein, Chief Finance Officer 00- 972-3-9611164 or Michal@paytongroup.com

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.

In US Dollars thousands (except for number of and profit by share)

	unaudited	
	First Quarter 2007	First Quarter 2006
Sales revenues	4,575	3,670
Cost of sales	2,305	2,030
Gross result	2,270	1,640
Development costs	158	129
Selling & marketing expenses	381	299
General & administrative expenses	453	408
Operating profit (loss)	1,278	804
Financial income	117	65
Financial expense	(31)	(18)
Net operating profit (loss) after financial result	1,364	851
Other income (expense)	-	-
Profit before taxes on income	1,364	851
Taxes on income	(234)	80
Net profit (loss) for the period	1,130	931
Number of shares	17,670,775	17,600,000
Profit per share (in USD)	0.06	0.05

Balance Sheet

- unaudited -

	March 31	
	USD 000 2007	USD 000 2006
Current assets	18,751	9,783
Non-current assets	1,147	1,421
Total assets	19,898	11,204
Current liabilities	4,372	2,415
Non-current liabilities	215	516
Shareholders' equity	15,311	8,273
Total liabilities and shareholders' equity	19,898	11,204