



**PAYTON GROUP**  
INTERNATIONAL

PRESS RELEASE  
November 28<sup>th</sup> 2007  
5 pm CET

## **PAYTON PLANAR MAGNETICS**

### **THIRD QUARTER RESULTS 2007 AND INVITATION TO INVESTORS CONFERENCE**

Payton's management will hold a **'Meet & Greet Investors Conference'** on Thursday December 13<sup>th</sup>, 2007 at 17h00 in Brussels<sup>1</sup>. The public is invited to participate in this conference. (The participation is conditioned by sending a confirmation notice<sup>2</sup>).

Rishon Le Zion (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the third quarter of 2007 (three-month period ending September 30, 2007).

Sales revenues for the third quarter of 2007 totalled USD 4.4 million compared to USD 5.9 million on September 30, 2006. The net profit for the three-month period ending September 30, 2007 amounted to USD 1.0 million, compared to USD 1.7 million for the same period last year.

During the third quarter of the year, the company further focused on marketing and designing-in planar products into new custom's equipment.

Mid September, the company purchased a property located in Deerfield Beach, South Florida, U.S.A. The company expects to finish the interior construction and move to the new location at the beginning of 2008.

For the rest of the year, the management expects to continue its regular course of business.

### **Key financial figures of the third quarter 2007**

#### **Sales revenues**

In the third quarter of 2007, the company recorded sales revenues of USD 4,406 thousand compared with USD 5,877 thousand in the third quarter of last year.

The sales decrease is mainly explained by the fact that two projects, of two substantial customers (one of them customer B as defined in paragraph 1C of the B.O.D report), reached their end of life cycle.

#### **Cost of sales**

Cost of sales for the third quarter of 2007 amounted to 2,411 thousand compared to USD 2,842 thousand for the same quarter last year.

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<sup>1</sup> The conference will take place on December 13<sup>th</sup> at 17h00 at Crowne Plaza Hotel, Da Vincilaan 4, 1831 Diegem (Brussels).

<sup>2</sup> Registration is required. Please confirm your attendance to [Michal@paytongroup.com](mailto:Michal@paytongroup.com) or to [aniehe@citigate.be](mailto:aniehe@citigate.be) by December 6<sup>th</sup>, 2007.

### **Gross profit**

Gross profit for the third quarter of 2007 amounted to 1,995 thousand (45.3% of sales) compared to USD 3,035 thousand (51.6% of sales) for the same quarter last year.

The decrease in the Group's gross profit ratio for the three-month period ended September 30, 2007 is mainly explained by an increase in material consumption. The third quarter (2007) material consumption increase is attributed to some high volume projects where the material cost in relates to the sales price is higher.

### **Expenses**

During the third quarter of 2007, the company's *General & Administrative (G&A) expenses* decreased to USD 490 thousand, compared to USD 505 thousand for the third quarter in 2006.

It is noted that most of the company'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 local Israeli currency, occurred during year 2007, causes an increase in these expenses when they are presented in USD.

*Selling & Marketing expenses* decreased from USD 363 thousand in the third quarter of 2006 to USD 299 thousand, a decrease in line with the sales revenues. Marketing efforts were concentrated on keep designing-in planar products into new custom's equipment.

*Development costs* increased from USD 122 thousand in the third quarter of 2006 to USD 149 thousand in the third quarter of 2007. The increase was attributed to the decrease in the exchange rate of the USD in relation to the NIS as explained above.

### **Operating income**

The total operating profit before the financial result for the third quarter of 2007 amounts to USD 1,057 thousand compared to USD 2,045 thousand the same period last year and to USD 1,666 thousand last quarter.

### **Financial result**

During the third quarter of 2007, the company recorded a financial income of USD 112 thousand compared to a financial income of USD 27 thousand in the third quarter of 2006. The financial result mainly reflects interest on deposits.

### **Profit before income taxes**

The profit before income taxes for the third quarter of 2007 is USD 1,169 thousand compared to a profit of USD 2,072 thousand in third quarter of 2006.

### **Income taxes**

In the third quarter of 2007 income taxes amounted to USD 159 thousand compared to income taxes of USD 346 thousand in 2006. The decrease in the income taxes is in line with the decrease in the profit.

### **Result of the period**

The total result for the third quarter of 2007 was a net profit of USD 1,010 thousand compared to USD 1,726 thousand in the third quarter of 2006.

### **Outlook**

On September 30, 2007, the order and purchase backlog of the Group amounted to USD 5,382 thousand compared with a backlog of USD 7,271 thousand as of September 30, 2006 (December 31, 2006 - USD 5,332 thousand). The backlog is composed of firm orders only.

The decrease in the backlog compared with the same period of last year is mainly explained by the fact that two projects, of two substantial customers (one of them customer B as defined in paragraph 1C of the B.O.D report), reached their end of life cycle.

For more information, please visit Payton's web site at [www.paytongroup.com](http://www.paytongroup.com) or contact Michal Lichtenstein, CFO at 00- 972-3-9611164 [Michal@paytongroup.com](mailto:Michal@paytongroup.com) or Alexandra Niehe at 00-32 57-21 44 54 [aniehe@citigate.be](mailto:aniehe@citigate.be).

### **Complete financial statements**

The complete unaudited financial statements are available for downloading in the investors section of [www.paytongroup.com](http://www.paytongroup.com).

### **Annex: Financial Statements**

#### **About us**

*Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics<sup>®</sup>, its customized line of planar transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 191 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.*

**Statement of Income  
- unaudited -**

**Three months  
ended September 30**

|                                     | <b>USD 000<br/>2007</b> | <b>USD 000<br/>2006</b> |
|-------------------------------------|-------------------------|-------------------------|
| Sales revenues                      | 4,406                   | 5,877                   |
| Cost of sales                       | 2,411                   | 2,842                   |
| <b>Gross profit</b>                 | <b>1,955</b>            | 3,035                   |
| Development costs                   | 149                     | 122                     |
| Selling and marketing expenses      | 299                     | 363                     |
| General and administrative expenses | 490                     | 505                     |
| <b>Operating income</b>             | <b>1,057</b>            | 2,045                   |
| Financial income                    | 155                     | 60                      |
| Financial expense                   | (43)                    | (33)                    |
| Profit before income taxes          | 1,169                   | 2,072                   |
| Income taxes                        | 159                     | 346                     |
| <b>Net profit for the period</b>    | <b>1,010</b>            | 1,726                   |
| Number of shares                    | 17,670,775              | 17,600,000              |
| Profit per share (in USD)           | 0.06                    | 0.10                    |

**Balance Sheet  
- unaudited -**

**September 30**

|   | <b>USD 000<br/>2007</b> | <b>USD 000<br/>2006</b> |
|---|-------------------------|-------------------------|
| Current assets                                    | 20,318                  | 14,436                  |
| Non-current assets                                | 1,778                   | 1,019                   |
| <b>Total assets</b>                               | <b>22,096</b>           | 15,455                  |
| Current liabilities                               | 4,167                   | 3,646                   |
| Non-current liabilities                           | 204                     | 125                     |
| Shareholders' equity                              | 17,725                  | 11,684                  |
| <b>Total liabilities and shareholders' equity</b> | <b>22,096</b>           | 15,455                  |