



PAYTON GROUP
INTERNATIONAL

PRESS RELEASE

26 May 2005

FIRST QUARTER 2005 RESULTS

NET PROFIT OF USD 483 thousands

Payton Planar Magnetics Ltd announced today its financial results for the first quarter of 2005 (three-month period ending 31 March 2005). Continuing on its success realised in 2004, the company realised slight increase in revenues and net profit compared to the first quarter 2004.

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 figures of income statement:

Sales Revenues

Sales revenues for the first quarter (three-month period ending 31 March 2005) were about USD 2,787 thousand compared to USD 2,680 thousand for the same period last year (Q1 2004). This represents a slight increase of nearly 4%. Compared to the last quarter (Q4 2004), this represents a decrease of about 17%.

Gross Profit

Following the increase of revenues and the limitation of costs, the Group's gross profit increased slightly from USD 1,130 thousand in Q1 2004, to USD 1,250 thousand for the first quarter 2005.

General and Administrative Expenses

While Research&Development and Selling&Marketing costs remained approximately on a similar level compared to Q1 2004, General&Administrative expenses for the first quarter amounted to about USD 332 thousand, compared to USD 282 thousand in the same period last year.

Net Profit for the period

The first quarter 2005 ended with a net profit of USD 483 thousand, an increase of 3% compared to the first quarter in 2004 (USD 468 thousand).

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 170 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).

For more information, please visit Payton's web site at www.paytongroup.com or contact Patrick Valkenberg, PR Citigate, at int-32-(0)2-7130721 or pvalkenberg@incepta.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 2005	First Quarter 2004
Sales revenues	2787	2,680
Cost of sales	1,537	1,550
Gross result	1,250	1,130
Development costs	116	115
Selling & marketing expenses	288	263
General & administrative expenses	332	282
Operating profit (loss)	514	470
Net financial result	(30)	(2)
Net operating profit (loss) after financial result	484	468
Issue of share capital in a consolidated subsidiary & Other income (expense)	(1)	-
Minority interest in losses of subsidiaries		
Net profit (loss) for the period	483	468
Number of shares	17,600,000	17,600,000
Profit per share	0.027	0.026