PINNACLE HOLDINGS

Technology Delivered™

Reviewed Condensed Consolidated Preliminary Financial Results

for the year ended 30 June 2015

At a glance

- REVENUE — **UP 12%** to R8.0 billion
- HEPS — **UP 10%** to 182.9 cents
- CASH GENERATED — **UP 33%** to R509 million
- DEBT TO EQUITY — **IMPROVED** from 77% to 50%

Registration number 1986/000334/06 | Share code: PNC | ISIN: ZAE000184149
("Pinnacle" or "the Group" or "the Company")

www.pinnacleholdings.co.za

Condensed Consolidated STATEMENT OF COMPREHENSIVE INCOME

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Restated ^ Audited R'000
Revenue	**7 987 636**	7 152 444
Cost of sales	**(6 870 002)**	(6 082 151)
Gross profit	**1 117 634**	1 070 293
Operating expenses	**(653 666)**	(615 314)
Selling expenses	**(71 705)**	(61 860)
Employees expenses	**(491 520)**	(478 689)
Administration expenses	**(97 214)**	(85 266)
Gain on discounting of finance lease agreements	**2 069**	778
Profit on foreign exchange	**4 704**	5 377
Reclassification of fair value adjustment on derecognition of asset	**–**	4 346
EBITDA *	**463 968**	454 979
Depreciation and amortisation	**(31 509)**	(23 926)
Impairment of goodwill	**(5 592)**	(2 169)
Operating profit before interest	**426 867**	428 884
Net finance costs	**(91 445)**	(78 180)
Investment income	**7 767**	11 297
Interest paid	**(99 212)**	(89 477)
Share of equity accounted associate income	**37 915**	20 747
Profit before taxation	**373 337**	371 451
Taxation	**(93 233)**	(98 394)
Net profit for the year	**280 104**	273 057
Owners of the Company	**279 849**	272 580
Non-controlling interests	**255**	477
Other comprehensive income		
Items that will not be reclassified into profit or loss:	**17 181**	(21 510)
Profit/(loss) on revaluation of property	**22 542**	(28 075)
Tax relating to items that will not be reclassified	**(5 361)**	6 565
Items that can be reclassified into profit or loss:	**6 936**	(11 132)
Exchange differences from translating foreign operations	**946**	1 011
Profit on acquisition of non-controlling interest	**1 254**	–
Cash flow hedge	**4 736**	(12 143)
Total comprehensive income for the year	**304 221**	240 415
Attributable to:		
Owners of the Company	**303 966**	239 938
Non-controlling interests	**255**	477

* *Earnings before interest, taxation, depreciation and amortisation.*

^ *Refer restatement/reclassification of prior reporting periods note.*

Reconciliation of HEADLINE EARNINGS

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
Net profit for the period attributable to ordinary shareholders	**279 849**	272 580
Impairment of goodwill	**5 592**	2 169
Reclassification of fair value adjustment on derecognition of asset after taxation	**–**	(3 738)
Reclassification of fair value adjustment on derecognition of asset	**–**	(4 346)
Less: Taxation thereon	**–**	608
Profit on sale of property, plant and equipment net of taxation	**(270)**	(8 533)
Profit on sale of property, plant and equipment	**(375)**	(11 851)
Less: Taxation thereon	**105**	3 318
Headline earnings	**285 171**	262 478
Total number of shares in issue ('000)		
– Total issued less treasury shares	**155 922**	155 922
– Weighted average	**155 922**	157 638

FINANCIAL REVIEW

	Full year 30 Jun 2015 Reviewed	Full year 30 Jun 2014 Restated ^ Audited
Performance per share (cents)		
Basic and diluted earnings per share	**179.5**	172.9
Headline and diluted headline earnings per share	**182.9**	166.5
Returns (%)		
Gross profit	**14.0**	15.0
Operating expenses	**(8.2)**	(8.6)
EBITDA *	**5.8**	6.4
Operating profit before interest and taxation	**5.3**	6.0
Effective tax rate **	**27.8**	28.1
Net profit	**3.5**	3.8
Return on equity	**20.2**	23.4

* *Earnings before interest, taxation, depreciation and amortisation.*

** *Based on profit before taxation excluding share of equity accounted associate income.*

^ *Refer restatement/reclassification of prior reporting periods note.*

Condensed SEGMENTAL ANALYSIS

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Restated ^ Audited R'000
Revenue		
ICT Distribution	**7 769 806**	6 984 069
IT Projects and Services	**184 491**	169 047
Financial Services	**120 157**	93 394
Group Central Services	**–**	–
Less: Intra-segmental revenue	**(86 818)**	(94 066)
	7 987 636	7 152 444
Net profit before taxation		
ICT Distribution	**285 768**	294 669
IT Projects and Services	**9 740**	17 181
Financial Services	**47 862**	36 020
Group Central Services	**29 967**	23 581
	373 337	371 451
Net profit after taxation		
ICT Distribution	**203 158**	213 485
IT Projects and Services	**6 115**	13 444
Financial Services	**34 461**	25 880
Group Central Services	**36 370**	20 248
	280 104	273 057
Net operating assets		
ICT Distribution	**1 091 575**	862 488
IT Projects and Services	**39 533**	24 521
Financial Services	**111 958**	60 202
Group Central Services	**302 055**	287 631
	1 545 121	1 234 842

^ *Refer restatement/reclassification of prior reporting periods note.*

Condensed ANALYSIS OF GOODWILL

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
Opening balance	**116 517**	114 940
Business combination acquisitions *	**–**	3 746
Goodwill re-allocated to assets held-for-sale	**(2 759)**	–
Impairments	**(5 592)**	(2 169)
Closing balance	**108 166**	116 517
Business combination acquisitions *		
DSP	**–**	1 995
Pacific	**–**	1 751
	–	3 746
Impairments		
E-Secure	**(3 597)**	(883)
Pinnacle Micro	**–**	(1 286)
DSP	**(1 995)**	-
	(5 592)	(2 169)

* *There were no business combination acquisitions in the current reporting period, for details of prior period business combinations refer to the annual financial statements.*

ASSETS CLASSIFIED AS HELD-FOR-SALE

1. LAND AND BUILDINGS

During the year, the Group entered into agreements to sell its Land and Buildings as follows:

Port Elizabeth Property – Situated at 59 Newton Street, Newton Park for R15 030 000;

Bloemfontein Property – Situated at Unit 9, Quagga Industrial Park, 38 Eland Street, Quaggafontein, Bloemfontein for R9 300 000; and

Midrand Property – Situated at 269 Sixteenth Road, Randjespark, Midrand for R73 750 000.

The above properties are used as branch offices and warehouses for some of the distribution subsidiaries in Port Elizabeth, Bloemfontein and Midrand. The Group will continue to use these properties under long-term lease arrangements entered into with the purchaser. In total the disposals will realise R96 216 480 after commission.

2. LAND

Stand 853, 854, 855, 856, 857, 858, 881, 882, 883, 859, 876, Kosmosdal ext.11, for R52 000 000.

The disposal will realise R50 960 000 after commission.

The above property was vacant land earmarked for future use as warehousing and offices.

3. INFRASOL PROPRIETARY LIMITED AND ITS SUBSIDIARY MERQU COMMUNICATIONS PROPRIETARY LIMITED

During the year, the Group has entered into an agreement with Datacentrix Proprietary Limited, a wholly-owned subsidiary of Datacentrix Holdings Limited, to dispose of 100% of the issued share capital of the Group's wholly-owned subsidiary, Infrasol Proprietary Limited.

The disposal to Datacentrix will include Infrasol's subsidiary, Merqu Communications Proprietary Limited as one indivisible transaction, for a maximum cash consideration of R85 million. The agreement became unconditional on 30 July 2015.

ASSETS CLASSIFIED AS HELD-FOR-SALE continued

		Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
1.	**Land and buildings**		
	Property plant and equipment	93 228	–
	Assets classified as held-for-sale	**93 228**	–
2.	**Land**		
	Property plant and equipment	49 769	–
	Assets classified as held-for-sale	**49 769**	–
3.	**Infrasol Proprietary Limited and its subsidiary Merqu Communications Proprietary Limited**		
	Property plant and equipment	2 968	–
	Intangible assets and goodwill	2 759	–
	Deferred taxation	554	–
	Inventories on hand	3 104	–
	Trade and other receivables	48 550	–
	Taxation receivable	2 579	–
	Cash and cash equivalents	5 102	–
	Assets classified as held-for-sale	**65 616**	–
	Trade and other payables	(24 513)	–
	Interest-bearing liabilities	(1 381)	–
	Deferred revenue	(189)	–
	Liabilities associated with assets classified as held-for-sale	**(26 083)**	–
	Net assets classified as held-for-sale	**39 533**	–
	NET ASSETS CLASSIFIED AS HELD-FOR-SALE	**182 530**	–
1.	**Land and buildings**	93 228	–
2.	**Land**	49 769	–
3.	**Infrasol Proprietary Limited and its subsidiary Merqu Communications Proprietary Limited**	65 616	–
	Assets classified as held-for-sale	**208 613**	–
1.	**Land and buildings**	–	–
2.	**Land**	–	–
3.	**Infrasol Proprietary Limited and its subsidiary Merqu Communications Proprietary Limited**	(26 083)	–
	Liabilities associated with assets classified as held-for-sale	**(26 083)**	–
	NET ASSETS CLASSIFIED AS HELD-FOR-SALE	**182 530**	–

Condensed Consolidated STATEMENT OF FINANCIAL POSITION

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
ASSETS		
Non-current assets	**850 660**	913 787
Property plant and equipment	**67 315**	176 028
Intangible assets and goodwill	**129 824**	135 406
Investment in associate	**314 678**	284 144
Long-term loans	**–**	28 795
Finance lease receivables	**311 108**	257 957
Deferred taxation	**27 735**	31 457
Current assets	**2 716 198**	2 432 892
Inventories on hand	**781 900**	894 866
Inventories in transit	**144 455**	76 870
Assets classified as held-for-sale	**208 613**	–
Short-term loans	**21 217**	–
Trade and other receivables	**1 375 275**	1 328 964
Finance lease receivables	**146 452**	105 758
Taxation receivable	**2 161**	1 171
Cash and cash equivalents	**36 125**	25 263
Total assets	**3 566 858**	3 346 679
EQUITY AND LIABILITIES		
Capital and reserves	**1 545 121**	1 234 842
Share capital and premium	**1 680**	1 680
Treasury shares	**(72 856)**	(41 766)
Non-distributable reserves	**57 806**	8 589
Cash flow hedge reserve	**(7 407)**	(12 143)
Accumulated profits	**1 565 523**	1 274 822
Non-controlling interests	**375**	3 660
Non-current liabilities	**20 831**	519 138
Interest-bearing liabilities	**437**	487 455
Derivative financial liability	**–**	18 083
Deferred taxation	**20 394**	13 600
Current liabilities	**2 000 906**	1 592 699
Trade and other payables	**1 193 012**	1 129 699
Interest-bearing liabilities	**486 388**	17 944
Derivative financial liability	**21 958**	–
Short-term loans	**151 078**	151 048
Deferred revenue	**5 261**	12 412
Taxation payable	**7 736**	4 357
Bank overdrafts	**109 390**	277 239
Liabilities associated with assets classified as held-for-sale	**26 083**	–
Total equity and liabilities	**3 566 858**	3 346 679
Capital management		
Net asset value per share (cents)	**990.7**	789.6
Net tangible asset value per share (cents)	**907.5**	702.8
Working capital management		
Investment in working capital (R'000)	**1 103 357**	1 158 589
Days inventory outstanding (excluding in transit)	**31.1**	44.0
Days sales outstanding	**50.7**	53.0
Days purchases outstanding	**46.9**	50.0
Liquidity and solvency		
Debt to equity (%)	**49.8**	77.1
– Attributable to Distribution and Holdings	**5.8**	29.9
– Attributable to the Datacentrix Investment	**20.4**	23.1
– Attributable to Finance Assets (Centrafin)	**23.6**	24.1
Current ratio (excluding stock in transit)	**1.39**	1.54
Acid test (excluding stock in transit)	**0.96**	0.95

Condensed Consolidated STATEMENT OF CASH FLOWS

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Restated ^ Audited R'000
EBITDA *	**463 968**	454 979
Changes in working capital	**28 280**	(74 021)
Non-cash flow items	**16 492**	2 616
Cash generated by operating activities	**508 740**	383 574
Net finance costs	**(91 445)**	(78 180)
Finance income received	**7 767**	11 297
Finance expenses paid	**(99 212)**	(89 477)
Taxation paid	**(88 822)**	(104 247)
Dividends received from equity accounted investment	**12 026**	–
	340 499	201 147
Cash flows from investing activities		
Property, plant and equipment acquired	**(44 871)**	(58 725)
Proceeds on disposals of property, plant and equipment	**6 787**	34 559
Acquisition of intangible assets	**(10 529)**	(8 675)
Net Investment in finance leases receivable	**(93 455)**	(113 584)
Acquisition of subsidiaries	**–**	(2 580)
Acquisition of shares in Datacentrix (including deposit)	**–**	(321)
Additional costs incurred on equity accounted investment	**(4 645)**	–
Acquisition of non-controlling interests	**–**	(2 939)
	(146 713)	(152 265)
Cash flows from financing activities		
Interest-bearing liabilities raised	**444**	68 707
Interest-bearing liabilities repaid	**(17 995)**	(28 087)
Non-interest-bearing liabilities raised	**–**	14
Repurchase of shares	**–**	(29 059)
Decrease/(increase) in trust loans	**7 578**	(106)
Dividends paid	**–**	(64 787)
	(9 973)	(53 318)
Increase/(decrease) in net cash, cash equivalents and overdrafts	**183 813**	(4 436)
Net overdraft acquired from business combinations	**–**	(994)
Net cash movements related to assets classified as held-for-sale	**(5 102)**	–
Net overdraft at beginning of year	**(251 976)**	(246 546)
Net overdraft at end of year	**(73 265)**	(251 976)

* *Earnings before interest, taxation, depreciation and amortisation.*

^ *Refer restatement/reclassification of prior reporting periods note.*

Condensed Consolidated STATEMENT OF CHANGES IN EQUITY

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
Opening balance	**1 234 842**	1 088 059
Shares issued	**–**	14
Shares acquired and cancelled	**–**	(29 059)
Comprehensive income for the period	**280 104**	273 057
Other comprehensive income	**18 127**	(20 499)
Cash flow hedge reserve	**4 736**	(12 143)
Acquisition of non-controlling interest	**(2 286)**	(9 398)
Equity-based compensation reserve	**9 598**	9 598
Dividends paid	**–**	(64 787)
Closing balance	**1 545 121**	1 234 842
Attributable to:		
Owners of the Company	**1 544 746**	1 231 182
Non-controlling interests	**375**	3 660

RESTATEMENT/RECLASSIFICATION OF PRIOR REPORTING PERIODS

BACKGROUND OF THE RESTATEMENT/RECLASSIFICATION:

CENTRAFIN REVENUE RESTATEMENT

The restatement in the financial records of the Group relates to the accounting classification of the interest income earned in terms of the finance lease assets of Centrafin (Proprietary) Limited ("Centrafin"). Centrafin is mainly involved in the supply of financing in various forms to customers in relation to the purchase of ICT equipment. The interest received in terms of the finance lease assets has been disclosed under the "interest received" line item below the EBITDA line in the previous reporting periods. This line item has been reclassified and is included under the "revenue" line item above the EBITDA line.

This resulted in the restatement of the comparative figures presented in terms of the condensed consolidated Statement of Comprehensive Income, the condensed consolidated Statement of Cash Flows, the condensed Segmental Analysis and Financial Review as indicated below.

The justification for the reclassification can be summarised as follow:

IAS 18 par 7 defines "revenue" as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. From this, it is clear that revenue arises from the ordinary business activities of the entity, which in the instance of Centrafin, is its financing and related activities. Revenue earned from the ordinary activities of the entity should be faithfully represented according to the nature of the transactions under the "revenue" line item.

Accordingly, interest earned on finance lease assets, should be faithfully represented according to the nature of these transactions as "interest received" as a subsection under the "revenue" line item as it depicts the main operating activities of the entity.

Effect on the financial statements of the restatement

The effect of the restatement is set out below for all related periods:

	Full year 30 Jun 2015 Reviewed R'000	Full year 30 Jun 2014 Audited R'000
CENTRAFIN REVENUE RESTATEMENT		
Consolidated Statement of Comprehensive Income		
Increase in revenue	–	49 416
Decrease in interest received	–	(49 416)
Consolidated Statement of Cash Flows		
Increase in cash generated by operating activities	–	49 416
Decrease in finance income received	–	(49 416)
Condensed Segmental Analysis		
Revenue		
Increase in revenue from Financial Services	–	49 416
Increase in interest received and discounted leases within financial services revenue	–	(49 416)
Financial review		
Returns (%)		
Increase in gross profit	–	0.6
Increase in EBITDA *	–	0.7
Increase in operating profit before interest and taxation	–	0.7

* *Earnings before interest, taxation, depreciation and amortisation.*

As the restatement is a pure reclassification between line items in the Consolidated Statement of Comprehensive Income, it has no taxation implication and did not result in a restatement of the opening retained income of the current and prior financial periods.

COMMENTARY

GROUP FINANCIAL PERFORMANCE

The Board is pleased to announce the financial results for the year ended 30 June 2015. Revenue increased by 12% to R8.0 billion and headline earnings per share increased by 10% to 182.9 cents (2014: 166.5 cents). Increased focus on working capital paid off with cash generated from operating activities increasing by 33% to R509 million (2014: R384 million) and a net increase in cash and cash equivalents of R183 million versus a net decrease of R4 million in 2014.

Inventory on hand decreased by R113 million from June 2014. Much emphasis has been put on this side of the business and some hard decisions were taken during the year to manage slow moving lines. With an increased last half revenue, and lower inventory holdings, stock days reduced impressively from 44 days to 31 days.

Trade receivables are by and large well controlled. Daily Sales Outstanding ("DSOs) was at 51 days compared to 53 at the end of June 2014. The continued growth in our Africa business requires more diligent controls, and puts pressure on the DSOs because of longer payment terms taken in those areas.

Daily Purchases Outstanding ("DPOs") decreased to 47 days (50 in June 2014) largely as a result of the improvement in stock management, although still in an acceptable range.

These actions resulted in the Group's debt to equity ratio reducing by an impressive 27% from 77% in 2014 to 50% at the end of June 2015. Of this, the most notable is the reduction in borrowing in the core distribution and holdings cluster, where the gearing has reduced from 30% to 6%. The improvement in the Group's debt to equity ratio was before any of the announced corporate actions were finalised, with management of the view that the ratio will stabilise at these levels once all transactions are implemented and taking into account further capital needed for future growth initiatives.

The stated objective of increasing the Group's overall gross margins did not materialise, with margins decreasing to 14% (2014: 15%). However, good progress has been made in two of the three main business entities, with both Pinnacle Africa and Centrafin showing increased margins in the second half of 2015. The increased contribution from AxizWorkgroup, especially in the second half of 2015, has resulted in the group margin decreasing. Management is satisfied though that the continual focus will ensure that the respective clusters operate at the appropriate gross margins.

Operating expenses were well controlled throughout the period with an increase of 6% over 2014, again mainly due to the impact of AxizWorkgroup's low cost of operation.

The annual assessment of goodwill resulted in an impairment charge of R5.6 million.

Interest paid increased by R13.3 million and was entirely attributable to the further investment of R93 million into Centrafin's financial assets, as it continues to build its finance lease book (R458 million) and its leased asset base (R25 million after depreciation), and to the cost of the investment into Datacentrix Holdings Limited ("Datacentrix") for the whole year (2014: 8 months).

The income of R37.9 million (2014: R20.7 million) from Datacentrix, calculated in accordance with IAS 28, meant that, after accounting for the finance charges on the funds applied to its purchase, this investment showed a R12.6 million (2014: R4.1 million) positive effect on earnings for the year.

DIVISIONAL PERFORMANCE

The Distribution division increased revenue by 11%. The ongoing improvement of this division, after the disruptions experienced during 2014, is evident in the improved second half numbers, and, although there were no significant deals during the period, the revenue for the second half was up on the first half by 20% and headline earnings by 28%. The investment into new focus areas, such as the high end storage and server offerings, the large data and security practice, the infrastructure products (mainly copper and fibre) and the security and retail solutions products, is now delivering on its promise with substantial growth, replacing the revenue declines in the client computing products. Pinnacle Business Solutions, the Managed Print Services unit, continued to be a drain on the division's profitability, albeit in small numbers. At the year-end, the investment into the unit, though, had reduced by R22 million since June 2014 and we are confident that we should be able to reduce this further.

During the early part of 2015, it was decided that Infrasol, the IT Projects and Services division, would be better positioned operating under the Group's substantial investment in the Services segment. Consequently, Infrasol was sold after the year-end for a net R82.5 million to Datacentrix. Initial indications are that significant synergies will be forthcoming from this move.

Centrafin was the star performer of the Group with revenue growth of 29% and a net profit after tax growth of 33%. Centrafin continues to grow the book in a controlled manner (now at R483 million from R382 million a year ago). The management of the book remains of the highest order with delinquent debtors remaining well below industry norms. This can be attributed to the application of strict credit control policies, the specific selection of assets to fund and a well experienced credit collection team.

CORPORATE ACTIVITY

Infrasol and Merqu: Towards the end of the financial year, Pinnacle advised shareholders that it had entered into an agreement with Datacentrix to dispose of its entire holding in Infrasol and Merqu for a maximum cash consideration of R85 million. This transaction became unconditional on 30 July 2015 and so the assets of Infrasol and Merqu have been reclassified as "assets classified as held-for-sale" and are shown at the carrying value of the net assets.

Sale of land and properties: At the beginning of April 2015, Pinnacle entered into separate agreements to dispose of its owned properties and the land that it had held for development of its new offices in Samrand. The consideration for the land disposal was received in early August 2015 and it is anticipated that the proceeds on the disposal of the properties will be received before the end of October 2015. These assets were valued at the end of June 2015, in line with the Group's accounting policy, at the estimated present value of the disposal proceeds and have been reclassified as "assets classified as held-for-sale".

Application of funds: The funds from the disposal of Infrasol, the land and the properties will be used to repay debt and allow Pinnacle to restructure its funding of Centrafin. The total proceeds of R232 million will be applied to repay the Investec facility of R150 million, the bond held over the land of R33 million, and the balance to reduce the Nedbank preference share facility. This will bring net borrowings down to approximately R540 million, and, although the distribution overdrafts vary during the year, management is confident that it will be able to remain within the Board's debt to equity target of 50%.

Corporate bond: The 3 year corporate bond expires on 30 April 2016. The Group has received several firm proposals to replace the bond, either with a new issuance into the Debt Capital Markets, or through a securitisation structure financed by one of the leading South African banks. The new structure will be ring fenced for the benefit of Centrafin to ensure that the planned growth of the leased book does not impact on the liquidity requirements of the rest of the Group.

CHANGE IN DIRECTORATE

On 27 October 2014, Ms D Mashile-Nkosi resigned as Chairperson of the Board and Mr A Tugendhaft was subsequently appointed as Non-executive Chairman. In accordance with King III requirements, when the Chairman is considered not to be independent, a Lead Independent Director is required to be appointed. Consequently, Mr B Sibiya was appointed as Lead Independent Director on 10 March 2015.

Ms N Medupe was appointed as an independent Non-executive director on 29 August 2014 and Mr HMP Ferreira stepped down from the Board on 27 October 2014.

In order to improve the efficiency and effectiveness of the Board, it was decided to reduce the size of the Board to comprise only two Executive directors, being the Chief Executive Officer and the Chief Financial Officer. Messrs TAM Tshivhase and RN Nkuna therefore stepped down from the Board on 10 March 2015.

SUBSEQUENT EVENTS

No other events material to the understanding of this report occurred in the period between the financial period-end date and the date of issue of this report.

DIVIDENDS

The Company's policy had been to declare a dividend of 20% of HEPS (and since the introduction of dividend tax, a gross dividend of 20% of HEPS before deducting dividend tax). After careful consideration, the Board has decided to maintain its suspension of this policy and that, as with the prior year, no dividend be declared for the current year. This suspension of the dividend will be reviewed during the 2016 financial year given the good progress that the Group is making towards its overall recovery plan.

PROSPECTS

The overall economy faces challenging times ahead, with the consumer becoming more financially constrained than ever before and the manufacturing and resources sector under pressure due to low commodity prices, power disruptions and labour issues. Nonetheless, the IT sector has demonstrated its resilient nature due to the increasing importance technology plays in modern day life, and it is envisaged that it will continue to remain so.

After a year of strategic alignment, during which a lot of work was performed to contribute to the sustainable financial well-being of the Group, the Group is keen to rigorously pursue all commercial opportunities to take advantage of its efficient infrastructure and broad offerings in the distribution and services cluster. The efforts of the Group to expand its offerings into the rest of Africa are paying off, with year on year revenue growth into the region reaching 28% for the year to June 2015. The revenue contribution from outside South Africa's borders is now 15% of total distribution revenue.

With a rejuvenated balance sheet in place, the Group is keen to expand its offering through acquisition opportunities of suitable targets.

STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed condensed consolidated financial statements for the year ended 30 June 2015 have been prepared in accordance with the Group's accounting policies under the supervision of the Chief Financial Officer, RD Lyon CA, and complies with IAS 34: Interim Financial Reporting, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA financial reporting guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended. All new standards and interpretations that came into effect during the year were assessed and adopted with no material impact to the reviewed condensed consolidated financial statements. The accounting policies, inclusive of reasonable judgements and assessments, applied in the reviewed condensed consolidated financial statements, are consistent with those applied in the preparation of the audited consolidated annual financial statements for the year ended 30 June 2014 except for the change due to the restatement of prior year figures as disclosed above. This change relates to the reclassification of interest income from interest received to revenue. The accounting policies applied are consistent to the accounting policies applied in the consolidated annual financial statements for the Group and comply with IFRS.

The Board of directors of Pinnacle Holdings Limited ("the Board") take full responsibility for the preparation of this preliminary report and that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The reviewed condensed consolidated financial statements comprise the condensed Statement of Financial Position at 30 June 2015 and the condensed Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended.

The reviewed condensed consolidated financial statements of the Group are prepared as a going concern on a historical basis except for certain financial instruments, which are stated at fair value as applicable.

REVIEW

The condensed consolidated financial statements and this SENS announcement have been reviewed by the Group's auditors, SizweNtsalubaGobodo Incorporated. The review has been conducted in terms of International Standards on Review Engagements. A copy of the unmodified review report is available for inspection at the Company's registered office. This auditor's review report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of this auditor's review report together with the accompanying financial information from the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Group's auditors.

For and on behalf of the Board

A Tugendhaft	**AJ Fourie**	Midrand
Chairperson	Chief Executive Officer	9 September 2015

PINNACLE HOLDINGS LIMITED

Directors:

A Tugendhaft * (Chairperson), AJ Fourie (Chief Executive Officer), RD Lyon CA (Chief Financial Officer), SH Chaba*^,
N Medupe *^, B Sibiya *^, E van der Merwe*^

** Non-executive* ^ *Independent non-executive*

Registered Office: The Summit, 269, 16th Road, Randjespark, Midrand, 1685

Preparer of results: RD Lyon CA

Company Secretary: JV Parkin (BCompt(Hons), CTA)

Transfer Secretaries:

Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001

Auditors:

SizweNtsalubaGobodo Inc., Registered Auditors, Summit Place Office Park, Building 4, Garsfontein Road 221, Menlyn, 0081

Sponsor:

Deloitte & Touche Sponsor Services (Pty) Ltd, Building 8, Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, 2196