

GROUP INCOME STATEMENT

	6 months ended 31 December 2004 (Unaudited) R'000	6 months ended 31 December 2003 (Unaudited) R'000	12 months ended 30 June 2004 (Audited) R'000
Revenue	200 596	181 660	497 202
Cost of sales	(164 014)	(147 364)	(413 289)
Gross profit	36 582	34 296	83 913
Operating expenses	(27 781)	(28 780)	(63 785)
Operating profit	8 801	5 516	20 128
Share of net profit from associates	1 382	670	2 134
Operating profit before interest	10 183	6 186	22 262
Interest received	1 030	827	2 706
Interest paid	(1 359)	(2 292)	(4 407)
Net profit before taxation	9 854	4 721	20 561
Taxation	(2 992)	(1 213)	(6 386)
Net profit after taxation for the year	6 862	3 508	14 175
Net profit attributable to outside shareholders	(990)	(651)	(1 513)
Net profit for the period	5 872	2 857	12 662
Weighted average number of shares in issue ('000)	149 103	148 797	149 020
Earnings per share (cents)	3.9	1.9	8.5
Headline earnings per share (cents)	4.1	2.0	8.9
Reconciliation of headline earnings			
Net profit for the period	5 872	2 857	12 662
Amortisation of goodwill	212	148	431
Impairment of investments and loans			100
Headline earnings	6 084	3 005	13 193

SEGMENTAL REPORT

	6 months ended 31 December 2004 (Unaudited) R'000	6 months ended 31 December 2003 (Unaudited) R'000	12 months ended 30 June 2004 (Audited) R'000
Revenue			
Infrastructure and support	188 071	170 665	472 996
Software and storage	9 540	7 704	16 721
ICT services	2 059	2 925	5 240
Telecommunication	926	366	2 245
Holdings and properties			
Total group	200 596	181 660	497 202
Net profit			
Infrastructure and support	4 038	1 897	12 397
Software and storage	1 073	401	1 441
ICT services	1 586	(499)	(1 612)
Telecommunication	(909)	(359)	(2 292)
Holdings and properties	84	1 417	2 728
Total group	5 872	2 857	12 662

GROUP BALANCE SHEET

	6 months ended 31 December 2004 (Unaudited) R'000	6 months ended 31 December 2003 (Unaudited) R'000	12 months ended 30 June 2004 (Audited) R'000
ASSETS			
Non-current assets	71 853	62 323	62 364
Property, plant and equipment	34 398	34 138	35 000
Intangible assets	3 486	2 037	3 707
Investments	22 933	10 928	11 969
Deferred taxation	11 036	15 220	11 688
Current assets	129 128	122 160	132 426
Inventories	59 403	51 980	47 932
Trade and other receivables	63 330	61 973	55 116
Cash and cash equivalents	6 395	8 207	29 378
Total assets	200 981	184 483	194 790
EQUITY AND LIABILITIES			
Capital and reserves	95 300	82 327	91 783
Share capital and premium	126 094	126 066	126 066
Non-distributable reserves	9 671	10 012	9 663
Accumulated loss	(40 465)	(53 751)	(43 946)
Outside shareholders interest	1 699	2 739	1 670
Non-current liabilities	10 210	10 703	8 912
Current liabilities	93 772	88 714	92 425
Trade and other payables	71 393	69 668	76 671
Short-term loans	11 545	13 135	5 325
Current portion of long-term liabilities	3 594	2 514	3 169
Warranty provisions	5 188	2 240	4 853
Taxation payable	2 052	1 157	2 407
Total equity and liabilities	200 981	184 483	194 790
Number of ordinary shares in issue at end of period ('000)	149 126	149 057	149 057
Net asset value per ordinary share (cents)	63.9	55.2	61.6

SUMMARISED GROUP CASH FLOW STATEMENT

	6 months ended 31 December 2004 (Unaudited) R'000	6 months ended 31 December 2003 (Unaudited) R'000	12 months ended 30 June 2004 (Audited) R'000
Cashflows from operating activities	(10 770)	1 569	31 962
Cashflows from investing activities	(10 621)	(4 918)	(11 025)
Cash flows from financing activities	(1 592)	112	(3 003)
(Decrease)/increase in cash and cash equivalents	(22 983)	(3 237)	17 934
Cash and cash equivalents at the beginning of the period	29 378	11 444	11 444
Cash and cash equivalents at the end of the period	6 395	8 207	29 378

STATEMENT OF CHANGE IN EQUITY

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated loss R'000	Total R'000
Balance at 1 July 2003 (Audited)	1 486	124 400	10 310	(56 608)	79 588
Share issued	4	176			180
Net profit for the period				2 857	2 857
Deferred capital gains tax on revaluation of property			(300)		(300)
Movement in foreign currency translation reserve			2		2
Balance at 31 December 2003 (Unaudited)	1 490	124 576	10 012	(53 751)	82 327
Net profit for the period				9 805	9 805
Deferred capital gains tax on revaluation of property			(375)		(375)
Movement in foreign currency translation reserve			26		26
Balance at 30 June 2004 (Audited)	1 490	124 576	9 663	(43 946)	91 783
Shares issued	1	27			28
Dilution of subsidiary shareholding				(154)	(154)
Net profit for the period				5 872	5 872
Movement in foreign currency translation reserve			8		8
Dividends paid				(2 237)	(2 237)
Balance at 31 December 2004 (Unaudited)	1 491	124 603	9 671	(40 465)	95 300

COMMENTS
1. Accounting policies

The Interim results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, the Listing Requirements of the JSE Securities Exchange South Africa ("JSE") and the South African Companies Act.

The accounting policies used in the preparation of the interim financial statements are consistent in all material respects with those applied in the Annual Financial Statements for the year ended 30 June 2004.

Earnings per share and Headline earnings per share are calculated with reference to the weighted average number of shares, calculated by considering the date of issue and the quantum of the shares in relation to the period under review.

2. Operating results

The last quarter of 2004 saw a significant increase in activity in the Infrastructure and Support group as savings realised on Dollar denominated procurement were passed on to clients and end users.

Although the Group's gross profit margin reduced to 18,3% (Dec 2003: 18,9%), stringent cost control and gains made on foreign exchange contributed to increase the operating profit for the period to 4.4% of turnover (Dec 2003: 3%).

Revenue growth in the Infrastructure and Support group was achieved through the development of additional product ranges, most notably Point of Sale and Closed Circuit monitoring equipment. Through these convergent technologies the Group delivers complete technology solutions to end users.

The Group has also entered into supply agreements with various national mass retailers that will substantially contribute to the public's awareness and understanding of the quality and international standing of the locally produced Proline brand.

The now wholly owned Intelligent Systems (Pty) Ltd continued to service the growing demand in the data storage market, and consolidated its long term relationships with high profile vendors, thus contributing to the 167% increase in net profit after taxation of the Software and Storage group over the corresponding 6 month period to December.

The disposal of our interest in Assuage Management Systems (Pty) Ltd required a provision against the outstanding liability in the Holdings Operating group; resulting in a loss as shown on the attached segmental analysis for the Holdings and Properties group. This loss was however offset by the recognition of the corresponding gain in ICT Services.

Telecommunications provider; Etel Telecommunications Solutions (Pty) Ltd ("eTel") successfully defended legal action by an American Service provider wherein it was alleged that Etel was utilising certain proprietary software in the provision of international telephony services, and can now cement business relationships that were dependent on the outcome of the above case.

The Group's cash-flow was negatively impacted by the necessary investment in stock to cater for additional orders received, as referred to in future prospects, and the cyclical deterioration of the debtors book over the December holiday period.

3. Acquisition of additional 15% of Explit Technologies (Pty) Ltd ("Explit")

All conditions precedent listed in the 25 October 2004 SENS announcement have been fulfilled and the acquisition of an additional 15% of Explit equity has been completed. As the criteria of "control" as defined in IAS 27 have not been met, the results of Explit for the 6 months to 31 December 2004 have not been consolidated, and are included in the "Share of net profit from associates"

4. Future prospects

The Group has received significant orders from various institutions for delivery in the 1st half of 2005. These orders are expected to contribute significantly to the operating results for the period ending 30 June 2005.

5. Social upliftment

Negotiations with prospective Black Economic Empowered ("BEE") partners are continuing. Shareholders will be advised when material terms and conditions have been agreed.

6. Corporate governance

The Group subscribes to the King Report on Corporate Governance for South Africa 2002 and complies with the main features thereof.

7. Dividends

No interim dividend is proposed for the period under review.

For and on behalf of the Board

CD Biddlecombe
Chairman

AJ Fourie
Chief Executive Officer

Midrand
21 February 2005

Registered office:

Pinnacle Park
269 16th Road
Randjiespark
Midrand

Transfer Secretaries

Computershare Investor
Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001

Executive Directors

AJ Fourie (Chief Executive Officer)
TA Maraga-Tshivhase

Non-Executive Directors

CD Biddlecombe (Chairman)
A Tugendhaft

Sponsor



Deloitte & Touche Sponsor Services (Pty) Ltd
(Incorporated in the Republic of South Africa)
(Registration number 1996/000034/07)



(Registration number 1986/000334/06)

Share Code: PNC

ISIN: ZAE000022570

("Pinnacle" or "The Group")

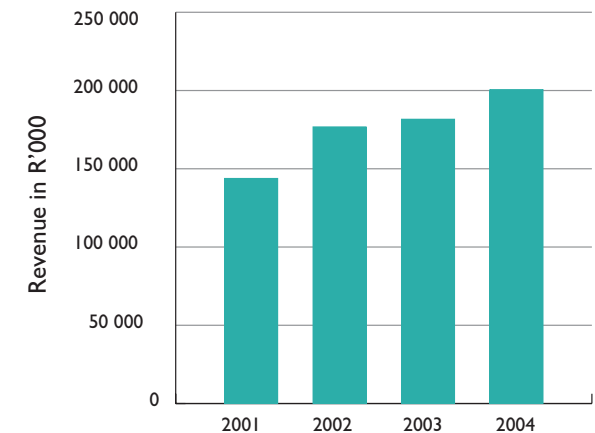
www.pinnacle.co.za

UNAUDITED INTERIM RESULTS
for the six months ended 31 December 2004

HIGHLIGHTS

- Turnover up 10.4%
- EPS and HEPS up 105%

YEAR ON YEAR REVENUE GROWTH



31 December