

22 January 2016

Pinnacle Technology Group plc
(the "Company")

**Result of Placing,
Launch of Open Offer, Directors' Shareholdings
and Notice of General Meeting**

Pinnacle Technology Group plc, the AIM listed provider of converged technology solutions, announces that, following its earlier announcement that the Company had entered into conditional agreements to acquire Ancar-B and Weston (together the "Acquisitions") and is conditionally raising £4.55 million through a placing of new ordinary shares in the Company (the "Placing"), a total of 108,392,857 new Ordinary Shares (the "Placing Shares") have been successfully placed with existing institutional and other investors. As a result the Company is also pleased to announce its intention to launch an open offer to raise up to a further £0.25 million through the issue of 5,918,256 new Ordinary Shares ("Open Offer Shares") from existing shareholders at the Placing Price ("Open Offer").

The Placing, cornerstoned by MXC Capital, will raise £4.55 million through the issue of the Placing Shares at a Placing Price of 4.2 pence per Placing Share. The Placing Price represents a discount of approximately 54 per cent. to the weighted average closing price over the last 90 days. The Placing Shares will represent approximately 47 per cent. of the enlarged issued ordinary share capital of the Company, assuming full take under the Open Offer.

The Directors recognise the importance of pre-emption rights and consequently the Company is proposing to raise up to £0.25 million (before expenses) pursuant to the Open Offer. The proposed open offer price of 4.2 pence per Open Offer Share is the same as the Placing Price.

Certain existing shareholders who are participating in the Placing (including certain of the directors and applicable employees, MXC Capital, Livingbridge and Hargreave Hale) have irrevocably undertaken not to take up their entitlements under the Open Offer to provide those shareholders not participating in the Placing an opportunity to invest at the Placing Price.

Directors Interests & Significant Shareholdings

The Company also announces that certain of the Board of Directors are participating in the Placing at the Placing Price as described below:

	<i>Amount subscribed (£)</i>	<i>Number of Placing Shares</i>	<i>Number of shares post Admission*</i>	<i>Percentage of Enlarged Share Capital**</i>
Gavin Lyons	168,000	4,000,000	4,000,000	1.8%
James Dodd	42,000	1,000,000	5,065,935	2.2%
Tom Black	168,000	4,000,000	8,842,199	3.9%
Simon Duckworth	168,000	4,000,000	4,000,000	1.8%

**assuming no take up of entitlements under the Open Offer*

***assuming the Open Offer is taken up in full*

The conditional agreements entered into by Gavin Lyons, James Dodd, Thomas Black and Simon Duckworth to subscribe for Placing Shares are classified as related party transactions for the purposes of the AIM Rules for Companies. The independent director, Nicholas Scallan, having consulted with the Company's nominated adviser, N+1 Singer, considers that the terms of the related party transaction are fair and reasonable insofar as shareholders are concerned.

Ian Winn, proposed Chief Financial Officer and Chief Operating Officer, who is to join the Board on 1 February 2016, has subscribed for £60,000 at the Placing Price. Following Admission, Mr. Winn will be beneficially interested in 1,428,571 Ordinary Shares, representing 0.6 per cent of the Enlarged Share Capital.

Insofar as has been notified to the Company, the following persons hold, as at the date of this document, and are expected to hold immediately following Admission, directly or indirectly, 3 per cent. or more of the Enlarged Share Capital (assuming full take up of the Open Offer):

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>No. of Ordinary Shares*</i>	<i>Percentage of Enlarged Share Capital***</i>
MXC Capital**	7,068,726	11.9%	56,766,275	25.0%
Living Bridge	5,918,256	10.0%	22,706,510	10.0%
Octopus	3,183,241	5.4%	3,183,241	1.4%
Hargreave Hale	2,533,077	8.4%	19,199,744	8.5%
Darron Giddens	2,343,312	4.0%	3,890,931	1.7%
Andrew Barnes	Nil	Nil	17,857,143	7.9%
Darren Weston	Nil	Nil	17,857,143	7.9%
Michelle Weston	Nil	Nil	14,610,381	6.4%

**assuming no take up of entitlements under the Open Offer*

*** includes 1,150,470 Ordinary Shares which were acquired upon MXC Capital's acquisition of MXC Holdings Limited in October 2015*

****assuming the Open Offer is taken up in full*

The participation in the Placing by MXC Capital, a substantial shareholder in the Company, constitutes a related party transaction for the purposes of the AIM Rules. The independent directors, James Dodd, Thomas Black, Nicholas Scallan and Simon Duckworth, having consulted with the Company's nominated adviser, N+1 Singer, considers that the terms of the related party transaction are fair and reasonable insofar as shareholders are concerned.

The participation in the Placing by Livingbridge, a substantial shareholder in the Company, constitutes a related party transaction for the purposes of the AIM Rules. The independent directors, Gavin Lyons, James Dodd, Thomas Black, Nicholas Scallan and Simon Duckworth, having consulted with the Company's nominated adviser, N+1 Singer, considers that the terms of the related party transaction are fair and reasonable insofar as shareholders are concerned.

Open Offer

Subject to the fulfilment of the conditions set out below and in Part IV of the circular to Shareholders due to be sent shortly (the "Circular"), Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 4.2 pence per Open Offer Share (being the Placing Price), pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 10 Existing Ordinary Shares

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The Open Offer is conditional on:-

- (i) passing of the Resolutions; and
- (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (other than Admission) and having not been terminated in accordance with its terms; and
- (iii) Admission of the New Ordinary Shares becoming effective by no later than 8.00 a.m. on 11 February 2016 or such later time and/or date as N+1 Singer and the Company may agree, being not later than 8.00 a.m. on 29 February 2016.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £0.25 million for the Company.

The Open Offer Shares will be issued subject to the articles of association of the Company, credited as fully paid and will rank *pari passu* with each other and the Existing Ordinary Shares, and the Placing Shares to be issued pursuant to the Placing, and will be free of any right of pre-emption, encumbrance, third party right or interest or other security interest, and will be issued with clear legal and beneficial title.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. The fractional entitlements will be aggregated and made available under the Excess Application Facility.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

The Open Offer is not being underwritten by N+1 Singer or any other person.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.1 of Part IV of the Circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 26 January 2016. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 26 January 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying non-CREST Shareholders will have received an Application Form with the Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 26 January 2016.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part V of the Circular.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned either by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to arrive as soon as possible and in any event so as to be received no later than 11a.m. on 9 February. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in the Circular by no later than 11 a.m. on 9 February 2016.

General Meeting

A circular to shareholders (the “Circular”) and a form of proxy in relation to a general meeting of the Company (the “General Meeting”) to be convened in connection with the Acquisitions, Placing and Open Offer will be posted to shareholders shortly. The Circular contains notice of the General Meeting which is to be held at 10 a.m. on 10 February 2016 at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN.

The net proceeds of the Placing will, in the opinion of the Directors, provide the Company with sufficient working capital for at least the next 12 months.

If the Resolutions are not passed by Shareholders, the Acquisitions, the Placing and the Open Offer will not proceed. In these circumstances, unless financing is available from other sources, the Directors believe that the Company would not be able to trade as a going concern for a prolonged period and therefore they would be required to take steps to protect the interests of creditors, shareholders and other interested stakeholders which would likely mean disposing of the assets where possible and returning any cash to Shareholders.

Application will be made to the London Stock Exchange for the Placing Shares, the Open Offer Shares and the new Ordinary Shares to be allotted on completion of the Acquisition (the “Consideration Shares”) to be admitted to trading on AIM. It is expected that admission to AIM will become effective and that dealings on AIM will commence in the Placing Shares, Open Offer Shares and the Consideration Shares on 11 February 2016.

Expected Timetable of Principal Events

Record Date for entitlement under the Open Offer	5.30 p.m. on 21 January 2016
Announcement of the Placing and Open Offer	22 January 2016
Ex-entitlement date for the Open Offer	22 January 2016
Posting of this Circular, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms	25 January 2016
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	26 January 2016
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 3 February 2016
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 4 February 2016
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 5 February 2016
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 9 February 2016
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 8 February 2016
Expected time and date of announcement of results of the Open Offer	8.00 a.m. on 10 February 2016
General Meeting	10.00 a.m. on 10 February 2016

Expected time of announcement of results of the General Meeting	by 4.30 p.m. on 10 February 2016
Admission effective and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 11 February 2016
Expected date for crediting of New Ordinary Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 11 February 2016
Expected date of despatch of share certificates in respect of New Ordinary Shares in certificated form	by no later than 25 February 2016

All terms in this announcement have the meaning given to them in the announcement made by the Company at 7 a.m. on 22 January 2016 unless otherwise defined herein.

For further information please contact:

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