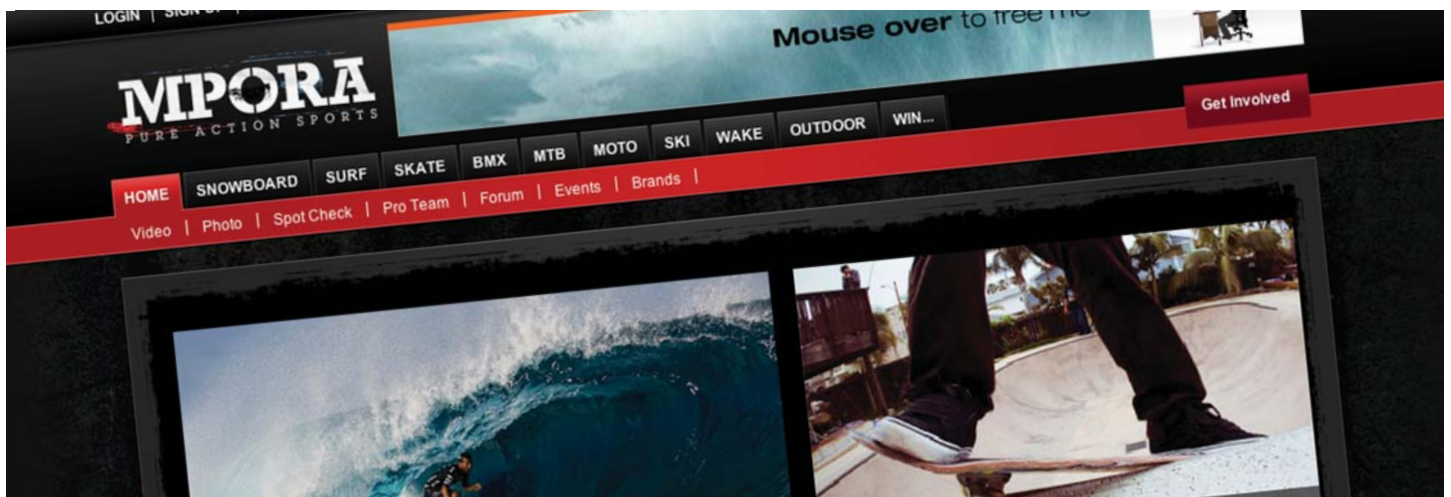


# Portfolio News

A Look At Acuity Capital's Sector Specialisms  
And Updates From Our Portfolio Companies

## Proactive in the downturn

Acuity Capital is focused on delivering top quartile returns to investors by offering well structured products and employing an innovative buy and build strategy which we term "break-out investing"



The economic headlines paint a bleak picture for 2009 with UK GDP expected to decline by more than 4.0%. Smaller companies are particularly vulnerable in a downturn as they tend to be relatively undercapitalised and have a higher customer concentration than larger companies. In anticipation of the harder times ahead we have been working closely with our investee companies to ensure that they are managing working capital tightly and are better positioned to weather the difficult economic conditions. To some extent this has entailed cost cutting but, more generally, it has involved tighter management controls. The initial indications in the portfolio are encouraging as a large number of our investee companies operate in small market niches which offer some protection from the downturn. Defaqto, Amber Taverns and the Fin Machine Co are good examples as they are all showing year on year growth. In Defaqto's case, despite its exposure to the financial services industry, it has grown due to increasing its market position and the scaleability of its business model. Amber Taverns also recently reported strong like for like sales for the current quarter largely as a result of its low priced market offering. In a downturn consumers tend to trade down and are reluctant to give up their daily "tipple". Fin Machine Co is benefiting from a technology shift within the refrigeration and air conditioning market which has created a significant global growth opportunity for the company.

Whilst we have been monitoring our investee companies carefully, we have also been seeking to take advantage of the distressed pricing in the market by searching out bolt on acquisitions for portfolio companies. We recently acquired a portfolio of pubs from the administrator to accelerate Amber Tavern's growth. The portfolio was already well known to the Amber management team and the price was an attractive discount to its potential break up value. At the end of last year, we also acquired Loseley Dairy Ice Cream from the administrator. The company was originally listed on the AIM market but, after a series of annual losses, largely due to poor management, the company went into receivership. The company is responding positively under the new turnaround management team appointed by us and rebuilding its relationships in the market.

In May 2009, Brand Acquisitions, the holding company that incorporates Peter Werth acquired Pink Soda out of administration. Founded in 1983, Pink Soda is a branded womenswear and own label wholesale business which has established itself within some of the top fashion and department stores around the world. After a change of ownership in 2008, the business went into decline eventually going into administration. The company will compliment the Peter Worth menswear range and allow for synergies in sourcing, sales and distribution.

This article is for information only, does not constitute or form part of any offer or invitation to purchase, subscribe for or dispose of securities. Investors should take appropriate advice to determine a suitable level of investment in a higher risk product.

### Acuity Capital Management Limited

Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB t: +44 (0) 20 7306 3901 e: info@acuitycapital.co.uk w: www.acuitycapital.co.uk

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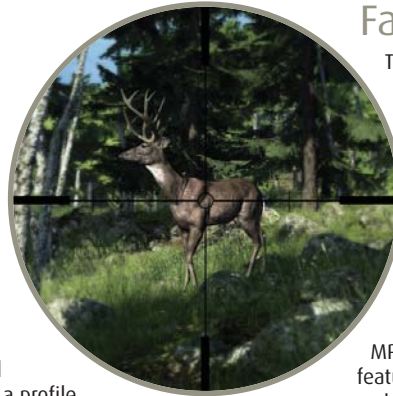


### Peter Werth

In April 2009, the company launched its new website to give easier access to the Peter Werth clothing, footwear and accessory ranges. This coincided with the launch of the new SHINE Spring/Summer 2009 collection. The Shine collection is a mix of smart and casual menswear, with an uncompromising approach to quality and tailoring. The clothes are sharp, technical, relevant and designed for a sophisticated urban look.  
[www.peterwerth.co.uk](http://www.peterwerth.co.uk)

### Emote Games

The long anticipated launch of "The Hunter" commenced in March 2009. The initial reviews from the gaming community have been very positive and the current user statistics are indicating strong interest. The key objective of "The Hunter" was to create the most realistic hunting experience as well as a centralized hub for hunting enthusiasts. The social portal allows players to create a profile and select an avatar that acts as their face to the world. From there they can form groups or rivalries, sign up for competitions and tournaments, and track their own personal challenges. The game is free to play on [www.thehunter.com](http://www.thehunter.com)



### Factory Media

The company is Europe's leading action sports media owner reaching over 2 million users every month through a mix of print, online and video media. At the end of last year it launched MPORA.TV, the ultimate action sports online video site.

MPORA.TV is rich in content featuring full length movies, live webcasts from the biggest events, extensive highlights, user generated video and forums and run by people who live and breathe the sports, ensuring high quality content. It also announced a joint venture on the extreme sports section of Yahoo Eurosport which will feature video highlights packages, daily news and features. The company has recently re-launched its website [www.mpora.com](http://www.mpora.com) to incorporate a new Video player (including high definition functionality) to cater for the 1.75 million monthly video streams, as well as improved navigation and more related sports including skiing and wakeboarding.



### Connect2Media

Connect2Media, has announced the first release of 'Go! Go! Rescue Squad!' a new multi-platform franchise. 'The Go! Go! Rescue Squad!' brand is designed to have mass market appeal to both male and female audiences. The game has been developed at the company's Manchester development studio and sees the player taking on the role of a brave firefighter in order to save 'Darwins', the hapless inhabitants of the town. The game has a wide appeal combining compelling gameplay, original character and level design and unique gameplay mechanics in 64 puzzle packed levels over six themed districts.  
[www.connect2media.com](http://www.connect2media.com)

## The Team



**Nick Ross**  
Co-founder, Managing Partner



**Antony Fraser**  
Co-founder, Managing Partner



**Mark Speeks**  
Co-founder, Managing Partner



**Hugh Mumford**  
Chairman, Advisory Board



**Judith MacKenzie**  
Partner



**Mike Kennedy**  
Partner

### About Acuity Capital

- Acuity Capital is a London-based asset management company specializing in private equity and active investment in U.K. small businesses
- Combining sector knowledge and entrepreneurial expertise, the Acuity Capital team identify investment opportunities to deliver top class returns
- Formed after a management buyout from Electra Partners Group, Acuity Capital has more than 20 years' investing experience and an established track record

If you are interested in learning more about our portfolio companies or any of our products, please contact us to arrange a meeting on 020 7306 3884.

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