

EDITORIAL

The current frenzy surrounding consumer related internet start-ups should entice the venture community to ponder the current market. So much is being funded in the consumer space that one can only begin to wonder. Of course, the venture community is still recovering from a rather nasty spell and this fervor encouraged by successes such as Skype is encouraging everyone to take a stab at a consumer play. After all why not?

It is generally good to see the venture industry believing again and for our part a little excess zeal is not such a bad thing. But excess zeal it is. Many of the companies we are seeing that have gotten funding, simply can not be built into large businesses. They are what we are calling "feature companies" destined to be minor acquisitions, but never to become major successes.

This realization has however reminded us not to forget the enterprise space. Much maligned over the past few years, young enterprise software companies in Europe have shown the grit to fight, survive and succeed. Their founders are now out to prove that ignoring them has been a mistake. For our part, we are listening hard.

[COMPANY IN THE SPOTLIGHT]

Nimbuzz

Nimbuzz was born out of the idea that mobile communications costs could significantly be reduced. Its first application, expected to launch before the summer will provide users with the ability to exchange unlimited messages and chats for FREE between mobile phone users within the Nimbuzz community.



Nimbuzz aims to become the first massive software download for mobile phones. A simple download, a GPRS or UMTS connection and users can experience SMS-like and IM-like features for FREE.

In 2005, global SMS volumes represented approximately \$35 billion. At an average cost of €0.1 for each SMS, this segment of the communications industry is ripe to be challenged and recent trends in the mobile communications market are obvious catalysts for the Nimbuzz model:

Always-on mobile phones. Flat rate data fees associated with the "class A" mobile devices, which allow the co-existence of GPRS and GSM voice services, is reminiscent of the broadband invasion of just a few years ago.

Java Phones. Java's ability to distribute computing power and to process complex tasks while keeping the application "light" is rapidly making

it a standard to run applications on mobile devices. More than 600 million Java powered handsets are in use around the globe and the vast majority of low-end phones are being shipped with Java.

The first true bridge between mobile devices and the PC, the Nimbuzz application will also allow mobile users to communicate with users within the Yahoo and MSN instant messaging communities for FREE.

The company understands that handsets are complex, but is striving to make the user experience as easy and seamless as the handsets will permit and help mobile consumers fight the excess of the operators. Tired of losing contact with your friends when you turn your computer off - try Nimbuzz and enjoy FREE mobility.



ABOUT MANGROVE

Mangrove Capital Partners is committed to turn entrepreneurial visions into realities as a means to drive capital appreciation for investors. Our hands-on philosophy in all areas of business and technological development is the cornerstone of our investment strategy and positions us as a true partner for growth.

Mangrove Capital Partners has invested in among other the following companies: Skype (www.skype.com), Securewave (www.securewave.com), Dialcom Networks (www.dialcom.com), Paseosoft (www.paseosoft.com), Sapiens Tech (www.sapienstech.com), Nimbuzz (www.nimbuzz.com) AllPeers (www.allpeers.com), Properazzi (www.properazzi.com).

Mangrove's Newsletter is a quarterly issue.

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[COMPANY
NEWS]

SecureWave

WWW.SECUREWAVE.COM

Securewave, a provider of groundbreaking security solutions has recently been selected by Microsoft to join the Windows Embedded Partner Program and announced the availability of Sanctuary client components for Microsoft's Windows XP Embedded operating system. This positions SecureWave beyond the traditional desktop and laptop endpoints and onto a variety of platforms that will include ATMs, industrial robotics, thin clients, set-top boxes, network area storage devices and the myriad of other systems running Windows XP Embedded.



dialcom

WWW.DIALCOM.COM

Dialcom, a provider of video-over-ip solutions, continues its expansion by signing key customers in Germany and Italy. It has added additional distributors, bringing the running total to 30 distributors in Europe.

From the Market

The Luxembourg SICAR investment vehicle continues to make its way in to the European private equity community. To date, more than 50 fund promoters have selected the vehicle to launch new investment funds.

[INTERVIEW]



Cedric Maloux
CEO, AllPeers

Could you describe AllPeers in a nutshell?

AllPeers connects friends, families, colleagues, peers and allows them to share any file of any size directly from the browser instantly. As simple as it sounds it actually addresses a growing problem more and more people are facing everyday.

On one hand, manufacturers are producing devices (mobile phones, cameras) which are more and more sophisticated which produce more and more digital content but on the other hand when it comes to distributing this new content we are still faced with the same old ways of exchanging it: namely email, ftp or physical support.

So AllPeers gives users the power to do what they want with their own content securely and easily. To share a file a user simply drags that file from their computer onto their friends on the buddy list and that's it! The file can then be downloaded by the user's friends at their convenience.

What's your vision of the digital content market?

More and more content is available on the web and people are buying more and more online. As bandwidth is increasing and new devices like Sony's PSP or Apple's Video iPod are being introduced to the market, consumers will welcome the opportunity to download and watch their digital content whenever and wherever.

For many reasons, current DRM (Digital Rights Management) approaches are not the answer consumers are currently expecting. A new approach is necessary which makes the usage of digital content much more flexible and at the same time still protects the right owners.

Also we believe that more and more content will be produced by individuals: the famous long-tail of content. Look at the blog phenomenon which is digital content in its most basic shape: text. Until tools were introduced to create and distribute that form of content, only companies or people with the right technical skills were able to produce and distribute it. Today there are more than 30 million blogs. We will witness the same thing with other forms of content. However, unlike text, audio and video are more complicated to host and distribute because of the size of the files and we think that peer-to-peer technology is the best suited for this. AllPeers is based on a peer-to-peer network. We actually use the most efficient one: BitTorrent to move files around.

AllPeers

What's the outlook for AllPeers in this market?

Our long-term goal is to offer the best environment to consume digital content. At this stage we are focusing on providing the easiest user experience. For example, we believe the digital content revolution will take place in the browser this is why we are building AllPeers into the user's browser. If you know how to use a browser you know how to use AllPeers.

We will initially target the Firefox community since the first version of AllPeers will be integrated in Firefox. The Firefox community is a very dedicated and active community and when we first announced our product back in January 2006 we attracted a lot of attention from that community. So far 45,000 people have registered with us to try our product.

How would you describe your relationship to Mangrove

Smart and hands-on. When we met with Mangrove we were not yet looking actively for investment but they really stood out of the crowd. We were always saying that ideally we would only accept "smart money" and by bringing Mangrove on board we have really achieved that goal. They are very good at listening and coming back with new ideas. It's very important for us to have people who understand what we do so we spend less time educating them and more time having value-added discussions.

