



EDITORIAL

It is interesting to note the positive feel of the current European venture capital market. Innovation and investment opportunities are real, repeat entrepreneurs more frequent, corporate investors active once again and Tier-1 US venture capitalist rediscovering the merits of the European market. We fully expect to see several large US venture firms establishing offices in Europe during 2007.

The effervescence of the moment should, however, not blind us to some rather worrisome issues. Deal prices are on the rise despite a more than lackluster exit market, media executives are launching venture funds all too reminiscent of the foolishness of the late 1990s and European corporate buyers are still an exception rather than an obvious exit route.

Further exasperating is the rumored decision by several large European Limited Partners to pull back from venture investing in Europe. This should create further difficulty in European fund raising and increase the divide between the top tier funds and the rest of the pack.

Indeed while we have reason to be positive, we also have reason to be cautious.

[COMPANY IN THE SPOTLIGHT]

Piczo

Delivering a safer online environment to teens

Headquartered in San Francisco, Piczo (www.piczo.com), the online social networking site for more creative teen self-expression, was started in 2004 when just 100 emails were sent to potential users. Piczo has grown entirely through word of mouth Piczo and now attracts over 12 million unique visitors each month. Piczo is currently expanding internationally and has recently translated the site into German, French and Spanish. This first stage of international expansion is a key part of its growth strategy, designed to boost its current user base of 25 million teens.



With a greater market share of global teens than any other social network, Piczo is well poised to take commercial advantage of this audience's migration from traditional media to the internet, and in particular to user generated content. To this end, Piczo recently joined forces with Microsoft Digital Advertising Solutions to monetise its UK

audience in the most relevant and effective way possible. With Jupiter Research reporting that 48% of marketers plan to use social networking channels in 2007, (compared to 38% last year), the partnership has come at a time when global brands are increasingly looking for new ways to engage with young consumers.

Piczo offers marketers an unprecedented opportunity to understand the needs and motivations of this teen audience. As the rise of social media continues unabated, Piczo continues to differentiate itself through its creative toolset, safer environment and rapid growth in well developed economies. Piczo is now putting in place the building blocks to grow to the next level, through further internationalisation, relentless customer focus and a range of new product innovations.



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), Quintura (www.quintura.com), Piczo (www.piczo.com), Nimbuzz (www.nimbuzz.com) AllPeers (www.allpeers.com), Properazzi (www.properazzi.com).

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For contact or information:
Mangrove Capital Partners
31, Bd Joseph II
L-1840 Luxembourg
Phone: +352 2625341
www.mangrove-vc.com

[INTERVIEW]

FSDashboard



Alec Peters,
CEO FSDashboard

Could you describe FSDashboard in a nutshell ?

FSDashboard is a web service for players of Fantasy Sports that allows users to manage all their fantasy teams from multiple web sites on one page, automate many of the tasks that are important to them and then make it available over any wireless device. This product is available directly at www.fsdashboard.com, but we also deliver private label versions of the product, as we have done with the NFL Players Association at www.nflplayers.com.

We have also just launched Screaming Sports, a next generation social networking product that integrates one's FSDashboard into one's personal profile page, and then adds news, statistics and user generated content, so any sports fan can have one place to go for everything they need online.

What's your vision of the fantasy sports market ?

Fantasy Sports is a \$ 3 billion market in the USA with 15-20 million participants. There are another 15 million participants world wide. The problem is that there are few technologies companies in the space, as fantasy sports is dominated by large media companies who run the games online, like Yahoo, ESPN, Fox and CBS Sportsline. FSDashboard has a unique opportunity to become the leading provider of cutting edge web solutions for fantasy sports players online. There is a great deal of activity in the space as the big companies try to fight over market share. Almost every major player in the fantasy sports content space was acquired over the last 18 months, and those companies are now looking to see where else they can drive value for their users.

What's the outlook for FSDashboard in this market ?

The Outlook for FSDashboard is very bright. We are already considered the leading technology company in the fantasy sports space, and our funding by Mangrove has increased our visibility as there are almost no venture-funded companies in the space. I recently spoke with one of the editors of Sports Illustrated online at the Fantasy Sports Trade Conference on what FSDashboard is doing and sports social networking, and it was the most popular presentation of the conference

according to the promoter. That is because the fantasy sports space has had few bright young companies come into the spotlight since fantasy sports went online 10 years ago. The media companies have dominated the space, and there have been few companies trying to add value to those offerings. That is exactly what FSDashboard does, and so we can tap into the entire fantasy sports population and not compete with the big boys.

How would you describe your relationship to Mangrove ?

I have known the Mangrove team for almost four years, having met them at one of the ETRE technology conferences in Berlin in 2003. Many venture capital firms talk about being your partner, but in practice, you are just a

number on their balance sheet. Mangrove is a much tighter knit group, and takes a greater interest in each company. Unlike American venture capital firms that have billion dollar funds, Mangrove is smaller and more personal. I get the feeling that the Mangrove team is genuinely interested in my success and the success of our company and not just the success of their investment. Having had a bad VC experience in the past, this is a welcome feeling. The team has been a welcome asset to our group, and we are all excited about the relationship.



[PORTFOLIO NEWS]



Properazzi launches Properazzi-Widsets with Nokia, an intuitive mobile phone alert system.



Nimbuzz reaches 150,000 downloads since launching in January.



Quintura reaches 75,000 unique visitors for the month of April.



Mangrove joins Doll Capital Management in backing Shahi Ghanem, the former CEO of DivX.