

EDITORIAL

Recent consumer frenzy for the iPhone has arguably made it the star of the summer. The hype created by Apple has driven record initial sales (Bloomberg estimates sales of 500,000 to 700,000 units the first weekend) and near impossible expectation. By most accounts it is a radical shift and a leap forward in the hand held computer space - a true marvel of innovation.

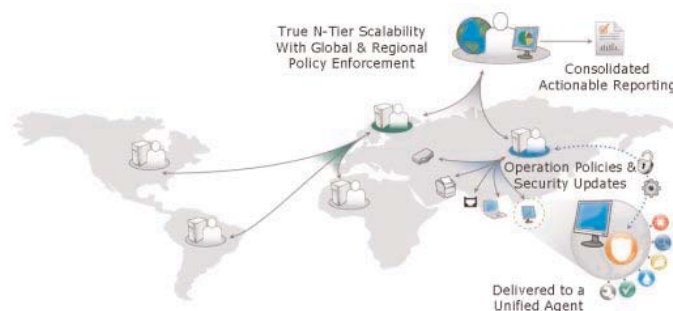
While we come to expect this from Apple, such repeat performance is the stuff of legends. So how could a company which excels at so many things, do something as stupid as tie its destiny to one Telco, much less AT&T with its known network weaknesses?

The answer probably lies in arrogance. The bottom line though is that exclusive deals are simply poor business decisions. To put this into the venture capital context, many start-ups are often tempted or pushed into signing them and they should refuse simply out of principle. If Apple's sales will suffer and no sane person can say that they will not, think what it could do to your startup.

[COMPANY IN THE SPOTLIGHT]

Securewave merges with Patchlink to create an IT security market leader.

Securewave (www.securewave.com), based in Luxembourg, has recently merged with Patchlink (www.patchlink.com) from the United States. The combination creates a company with more than 250 employees and more than 5000 customers worldwide, making it one of the largest privately held IT security providers in the world. As a result of the merger, Mangrove Capital Partners becomes the largest shareholder in the combined company.



The combined company will provide one of the most comprehensive security platforms for unified protection and control of all enterprise servers and endpoints. The goal is to provide customers with an end-point security platform with a single, policy-based architecture and consolidated compliance reporting for complete protection across the enterprise.

The company fully capitalizes on the unique and complementary

strengths of all SecureWave and PatchLink technologies.

Sanctuary customers will benefit immediately from an expanded and enhanced product portfolio that includes Sanctuary Device Control for data leakage prevention, Sanctuary Application Control for protection from malware, and now PatchLink solutions for patch management and vulnerability assessment.

George Hamilton, research director

with analyst firm Yankee Group, recently told SCMagazine.com that the pick-up carves out an enviable market position for PatchLink: Bigger than the pure-play best-of-breeds but smaller than the Symantecs and CAs of the world.

Not surprisingly, we at Mangrove Capital Partners believe this merger significantly enhances the opportunity to exit for all shareholders of the combined company. With this in mind, we are excited to see what 2008 holds in store for the new company.



SecureWave
Guarding Tomorrow

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.

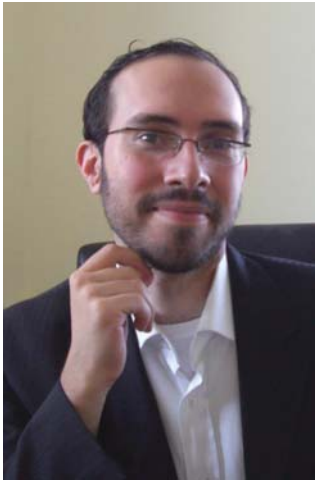
Mangrove Capital Partners has invested in among other the following companies: Skype (www.skype.com), Securewave (www.securewave.com), Dialcom Networks (www.dialcom.com), Quintura (www.quintura.com), Piczo (www.piczo.com), Nimbuzz (www.nimbuzz.com) AllPeers (www.allpeers.com), Properazzi (www.properazzi.com).

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[INTERVIEW]

Zlio



Jérémie Berrebi, CEO Zlio

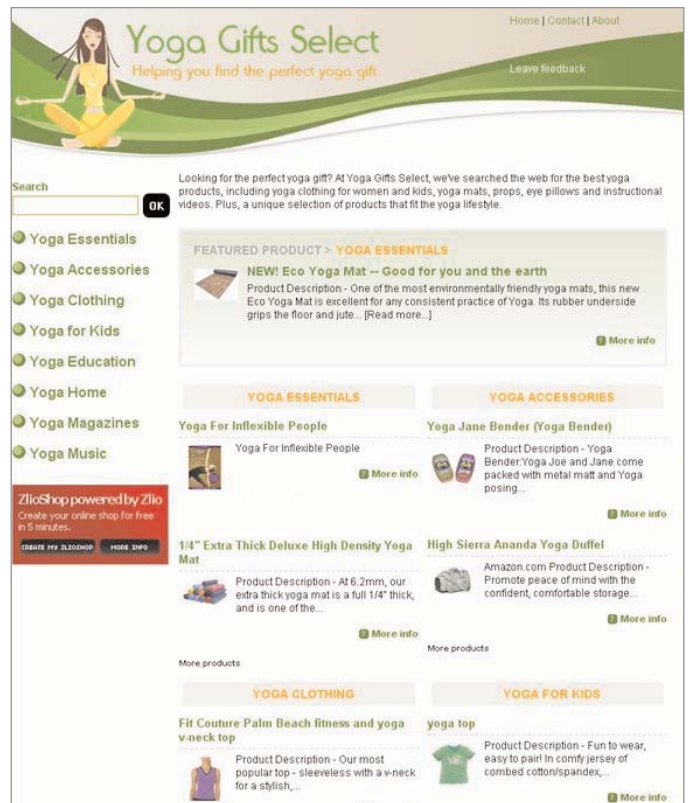
Could you describe Zlio in a nutshell?

Zlio is a service that gives every internet user the opportunity to create and run their own hassle-free internet shop - clients simply build their stores from a growing list of several million products and earn

commission on every item bought from their ZlioShop (or on every user they successfully forward to a supplier). Prior to Zlio, there was little opportunity for people to engage in hassle-free trade on the web; the burden was on the user to advertise their shops and handle goods and their distribution. Zlio has revolutionised the market by creating a framework in which the technical legwork of internet trading is a thing of the past.

What is your vision of the internet shopping market?

As the internet increases in breadth and scope, the internet shopping market is one in which there is tremendous potential for expansion and innovation - trade is, after all, one of man's oldest activities! Revenues from e-commerce in



the US alone amounted to over \$130 billion last year, and have been increasing consistently for as long as we've had statistics. However, the last really groundbreaking innovations in this sector date back to Ebay and Amazon, almost a full 10 years ago. At this stage, the market is ripe for something new, and exciting...

What's the outlook for Zlio in this market?

Zlio is to the internet shopping market what the PC was to home computing 25 years ago - it is giving ordinary internet users the ability to do what, in the past, only a select elite could do - create, run and maintain their own internet stores. Not only that, but with a number of even more ambitious changes planned in the near future, Zlio is intending to create

a whole new "social commerce" concept and entirely revolutionise how people trade over the internet.

How would you describe your relationship with Mangrove?

Before talking to Mangrove, we were in touch with a number of other large European investors. Mangrove stood out in many ways - how pleasant and easy it was to communicate with them, how responsive they were, their size... We were also looking for somewhat more of a partner rather than an investor - and with its extensive experience in dealing with the internet sector, Mangrove was the ideal choice.



[PORTFOLIO NEWS]

WWW.PROPERAZZI.COM

Properazzi smashes the 2 million listings mark and joins the "global elite" of real estate websites in this vertical market.

WWW.NIMBUZZ.COM

Nimbuzz closes \$10 million funding to ensure distribution with Holtzbrink and MIH.

WWW.DIALCOM.COM

Dialcom is named by Gartner to its 2007 Magic Quadrant for Web conferencing.

WWW.JOOST.COM

Joost announces \$ 45 million series A from Sequoia, Index, CBS, Viacom and the Li Ka Shing Foundation.