

Daniel W. Roberts, President

Roberts & Ryan Investments Inc.

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We thank our readers for their support of our research efforts. Via this newsletter to our clients, we publish the smallest voices from Silicone Valley, California. Our contribution is to refute or confirm what is being publicly asserted by the covered companies. Thanks again.

In order to facilitate our receipt of directed order flow, we show our list of agents as follows:

Global markets:

Merrill Lynch
UBS
Societe Generale

(Pan European only)
Cheuvreux

(Asia only)
HSBC

(Australia only)
Deutsche Bank

(US Managers only)
Lehman Brothers

ASIA

Malaysia to expand technology corridor

Malaysia will extend its Multimedia Super Corridor project to the northern state of Perakas, expanding a zone where companies including DHL Worldwide Express and Hewlett-Packard plan to expand their operations in the country.

The Multimedia Super Corridor, an area designated for technology companies, now will include Meru Raya, Prime Minister Abdullah Ahmad Badawi said last week, expanding beyond states including Selangor, where capital Kuala Lumpur is located.

The government approved about \$6 billion worth of investments under the Multimedia Super Corridor project last year, 16 percent higher than the year before, the central bank said in its 2006 annual report. As many as 1,728 companies joined the project last year, an increase from 1,421 in 2005.

"We should take Malaysia global. We cannot make everything just for the needs of Malaysia alone," Abdullah told reporters in Putrajaya, outside Kuala Lumpur. "If you are to succeed, you must be ready to move globally and be ready to compete." He said other states may be added soon.

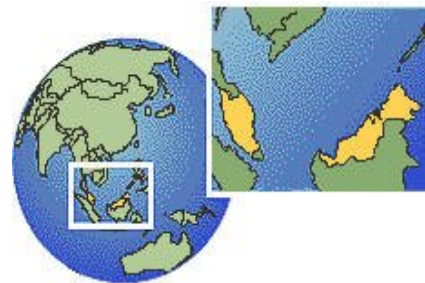
The Super Corridor project was introduced by then Prime Minister Mahathir Mohamad in 1996 in his attempt by to create a high-technology area similar to Silicon Valley.

Hewlett-Packard, the world's largest printer maker, said in a statement that it's building a support center in Cyberjaya, part of the technology region. The Palo Alto company ex-

pects to employ 1,000 information-technology professionals over 10 years in Malaysia, it said.

DHL, a unit of Germany's Deutsche Post, will expand its Asia Pacific information-technology services data center in Malaysia. The company said it expects the expansion to be complete in five years, which will boost its technology offerings for the logistics industry.

Malaysia's technology region was set up to lure companies with incentives such as tax breaks. The original area stretched from the Petronas Twin Towers in Kuala Lumpur to the international airport, and Abdullah, who took over from Mahathir as premier in 2003, added the Bayan Lepas electronics manufacturing center in northern Penang state.



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LATIN AMERICA

Laptops and lessons reach Latin America

Villa Cardal, Uruguay- Big smiles spread across the faces of the 160 pupils at a public elementary school in this rural South American hamlet: Each sat gawking at a brightly blinking laptop given to them days earlier.

“This is like an early visit from Santa Claus,” beamed 11-year-old Eduardo de los Santos, clutching his computer with its shiny white case and bright green trim.

The machines are the first in South America from the much-publicized “One Laptop Per Child” project, which hopes to put low-cost portable PCs in the hands of children in developing countries. Still in a pilot phase, the group has also placed machines at one school in Nigeria and another in Thailand.

At the only public elementary school in this Uruguayan community of 1,300 people, children who never used computers are now being exposed to the digital age. “Thanks to this, I’m going to be able to study tons of science,” said 8-year-old Joel Nicoletti.

The ambitious non-profit project was launched in 2005 by Nicholas Negroponte, then-director of the media lab at the Massachusetts Institute of Technology.

“There are 1 billion school-age children in the developing world and most don’t have an opportunity to learn,” said Walter Bender, president of software for the One Laptop pro-

ject. “We’re trying to go where there’s and education gap.”

The laptops currently cost about \$175, though the project believes the price will drop to \$100 once the machines are mass-produced, and Bender hopes they might one day be \$50.

The first computers to Uruguay were donated; the rest are to be bought by the government, which has budgeted \$15 million. A final agreement, however, is still pending.

The portable computers have already transformed the classroom in Villa Cardal.

“The power of these machines is impressive,” said the school’s principal, Marcelo Galain, noting their promised 12-hour battery life.

He said students got their computers a day ahead of a national holiday, but went to school on their day off to start using them.

Some children began warming to the computers by playing “Tetris,” a popular falling-blocks puzzle video game. Later they will explore the Linux operating system.

Maria Fojo, mother of 10-year-old twins Lucas and Franco, said her family couldn’t afford a computer. Now they have two.

“Lucas took his computer to his grandmother’s house and then went to see his godmother with it,” she said.

The computers are designed for children, boast extremely

low electricity consumption, a pulley for hand-generated power, 1 gigabyte of flash memory, built-in wireless networking and a screen with indoor and outdoor reading modes.

“The laptops all talk to each other automatically, have voice chat, file sharing and all that can be done between laptops without Internet,” Bender said of the design. “If any laptop has access to the Internet, all can share it.”

Bender said the machines come loaded with children’s books in local languages, along with encyclopedias and more.

“San Francisco Social-networking company Bebo is doing best in the United Kingdom.”



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CHINA

IT investment in China declines, but market interest still high

A first-quarter decline in U.S. investment in China's information technology sector could mean investors are looking to "Off-Broadway" sectors and geography for potential returns.

Granite Global Ventures, an expansion stage venture firm based in Menlo Park, has since the inception of its first fund in 2000 invested in Chinese IT companies. But it now counts within its portfolio a chain of tea houses, a digital stock photo company and an online video sharing Web site. "What we're seeing is a lot of excitement over China and the opportunities it represents and that represents a challenge for us because we're consciously striving to invest in areas not as hot or overheated..." says Steve Hyndman, the chief financial officer for Granite Global. "We're looking in sectors some might consider to be out-of-favor or overlooked. And we're looking in geographic locations that we consider to be somewhat Off-Broadway, if you will."

The number of venture deals and the total amount invested by U.S. venture companies in China fell in the first quarter of 2007 overall. But one of the most significant drops was in the IT sector with the number of deals decreasing 25 percent in the first quarter of 2007 and the total dollars invested dropping to \$164 million compared to nearly \$220 million in the same quarter in 2006. The amount invested was down slightly from the fourth quarter

2006. The amount invested was down slightly from the fourth quarter 2006 by about \$5.7 million, according to Dow Jones VentureOne, which tracks venture investing.

Jessica Canning, a global research director for VentureOne, called the fall-off in IT investment in China "surprising" since IT has been the bread and butter of China's increasing ability to attract global venture investment. But Canning says it is too early to tell if recent quarters' activity will develop into a trend.

And she says investors are feeling out new market sectors in China indicated by a small but steadily increasing number of investments in the health care sector. Ten health care deals happened in 2006, the most since Dow Jones started tracking venture in 2001. There were three in the first quarter of 2007.

"It will be interesting to see how and if U.S. investors are able to capitalize on that market and the structure of that market," Canning says.

Overall investment in China was down 5 percent in the first quarter of 2007 to \$343.5 million invested in 26 deals, four fewer than the same quarter in 2006.

Canning says the numbers could indicate an uncertainty about potential policy changes in China that could increase restrictions on foreign investors.

Or the numbers could be an indication that investors are exhibiting restraint.

"It's significant in a positive way that says the market in China, although growing, isn't growing exponentially," Canning says. "It looks like investors are looking at each deal and investing in each company on a company-by-company basis. So it's not that the market is getting away from itself."

Canning says what was harder to explain was a significant decline in the business, consumer and retail sector, which includes anything from clothing stores to payment services companies. Investment in that sector fell to \$30.7 million in the first quarter of 2007, from 4115 million in first quarter 2006. The amount represented a decline of 85 percent from \$204 million in the fourth quarter of 2006.

"You would think that with China, that's almost the easiest (sector) to break into," Canning says. "You don't have the broadband or connectivity issues. That one took me by surprise. If anything you'd think they'd be trying to capitalize on the sheer number of people in China."

Hyndman, whose firm is investing its third, \$400 million fund in both Chinese and U.S. companies, says not to put too much stock in a one-quarter slowdown in China investing.

"In general we see the market is very hot and there's a tremendous amount of interest internationally in trying to invest there," he says.

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