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Threat Protect set to double client base with acquisition of major security monitoring provider

Key Points

- Threat Protect will complete the acquisition of security service provider, Monitoring Excellence, by the end of September following the completion of due diligence
- The acquisition will increase Threat Protect's client base to ~20,000
- The security control rooms of Monitoring Excellence will be closed and its clients serviced by Threat Protect's A1-graded facility, which will improve the level of service and reduce costs for the combined entities.
- This acquisition is part of Threat Protect's strategy to grow by leveraging the Company's fixed-cost security infrastructure and A1-graded facility
- Due diligence is now underway on a second acquisition and other possible acquisitions have been identified

Threat Protect Australia (ASX: TPS), a leading WA security company, is pleased to advise that it has taken a key step in its strategy to grow through acquisition by successfully completing due diligence on fellow security services provider Monitoring Excellence.

With other key conditions precedent to the deal now also met, Threat Protect, which begins trading on the ASX today, expects to complete the acquisition of Monitoring Excellence parent company Chipla Holdings Pty Ltd by the end of September, 2015.

Threat Protect has agreed to pay \$2.52 million for Monitoring Excellence, which has in excess of 10,000 clients and generates annual revenue of approximately \$1.8 million. The deal, which will be earnings accretive to Threat Protect from day one, and will increase Threat Protect's total number of clients to approximately 20,000.

The acquisition is part of Threat Protect's strategy to generate growth for shareholders by leveraging its existing fixed-cost infrastructure, namely its security control room, by expanding the number of clients it services. The facility is graded A1, which is the highest-possible grade, and has capacity for this and future acquisitions. This means acquisitions lead to improved services for the new clients and a reduction in overall costs.

Threat Protect provides security, monitoring and risk-management solutions to the growing security-conscious market. It owns and operates one of just five security control centres in Perth, which is contracted by numerous other "retail" security firms to support their services.

This means Threat Protect's services are effectively sold via a "white labelling" mechanism through other security firms as well as directly to clients.

Threat Protect funded the Monitoring Excellence acquisition from the proceeds of the highly successful \$5.5 million capital raising the Company undertook as part of its backdoor listing via East Africa Resources. The raising was completed at 2c a share.

Threat Protect is chaired by leading WA businessman and lawyer Derek La Ferla, who is also Chairman of ASX-listed copper producer Sandfire Resources.

The Company is currently undertaking due diligence on a second acquisition. This process is expected to be completed in the next two weeks.

Threat Protect CEO, Demetrios Pynes said the Chipla acquisition highlighted the outstanding growth potential offered to the Company through acquisitions.

"The ability to leverage our fixed-cost infrastructure such as the control room means we can generate strong returns by growing our client base through acquisitions," Mr Pynes said.

"The Monitoring Excellence deal highlights the outstanding potential of our business model and we look forward to generating further growth through this strategy."

Media

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