Wall Street Watch

News Flash: Merilus Inc. Secures Funding for Major Push into the Multi-Billion $$$ SME Network Security Market with its Competitively Priced FireCard Line

FORTUNE 1,000 COMPANIES LOST $40 BILLION IN 2000 TO INFORMATION THEFT – MOSTLY VIA THE INTERNET!
I.T. SECURITY BUDGETS ARE SOARING AND MERILUS – ALREADY SERVING COMPANIES LIKE LOCKEED MARTIN AND NASA – HAS THE ULTIMATE SOLUTION!!

Merilus Inc. (OTCBB: MERH)

Internet security is big business. The latest results from an industry survey taken jointly by the Computer Security Institute (CSI) and the Federal Bureau of Investigation (FBI) reported that 90% of all large companies polled report that they have suffered security breaches in the past year – information theft, financial fraud, etc., costing BILLIONS!!

Spending on security software and appliances is estimated to reach over $1 5 BILLION this year and grow at a rate of 88% for the next 5 years (IDC). The largest growth in spending is expected in the low and medium areas that serve small to medium enterprises (SME) – the sector served by MERH, yet most often overlooked by its major competitors.

Merilus, Inc (OTCBB: MERH) has spent the past 4 years developing premier intelligent network security solutions that protect companies and data from corporate spies, disgruntled employees, hackers and thieves. MERH’s products – the FireCard, FireCard Plus and FireCard EXT – are the world’s first ever firewalls embedded directly onto PCI cards. These products represent a major innovation in highly sophisticated security products.

OPPORTUNITY

MERH’s business model allows it to focus on and capture a significant share of the extremely profitable SME market. It already enjoys 60% gross profit margins in its hardware business and 95% gross profit margins on software, while staying very competitively priced – usually half of what others charge for similar products.

The network security market is still highly fragmented. Merilus’ largest competitors are Sonicwall (SNWL), which is expected to generate $100 million in 2001 and WatchGuard (WGRD) with similar revenues.

Merilus expects to generate the same type of revenues as SNWL and WGRD within 3 years, posting $90-$100 million in sales in 2004. BUT: MERH’s market cap is ONLY $27 million – a mere fraction of its competitors SNWL –approx $1 billion and WGRD – fast approaching $250 million.

UNIQUE MARKET SITUATION

MERH is in a great rapid growth situation. Its products are ready for sale (already selling in 15 countries), its market is exploding and it has just signed an investment banking agreement with Kirlin Securities, a wholly owned subsidiary of Kirlin Holding Corp. (NASDAQ: KILN) to fund its ongoing expansion.

The company plans to rev up its marketing and sales efforts, strengthen its partnerships with OEMs such as COMPAQ, value-added resellers (VARs), distributors such as TechData and systems integrators as well as its own "SelfNet" real-time software delivery update system. It is also boosting its service efforts through its Virtual Managed Security Service Provider (VMSSP) or "Merilus Global Services".

MERH is well positioned for explosive growth. Its name is recognized in IT circles and its clients include such major names as NASA and Lockheed Martin.

BILLION DOLLAR QUESTION:

How fast will MERH grow, knowing that its products are priced at half or less than its competitors? How long will it be before this company is traded on a major exchange, enjoying a HUGE valuation? If you read MERH’s filings, it appears that it won’t be too far in the future. This is why we think this is a unique Ground Floor Opportunity - possibly our most important long-term profile this year.

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