

Headline	Theta Edge hopes for a boost from school IT project		
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# Theta Edge hopes for a boost from school IT project

BY FATIN RASYIAH MUSTAZA

**T**heta Edge Bhd is close to securing a RM350 million project to manage public schools' IT systems, according to a source familiar with the matter. The source says Theta Edge proposed the project, called Perluasan Sistem Pengurusan Sekolah (PSPS), to the Ministry of Education two years ago. "Theta Edge has been trying hard to get the MoE contract, the PSPS."

In 2012, Theta Edge, in which Lembaga Tabung Haji owns a 65.9% equity stake, together with The Media Shoppe Bhd (TMS) entered into a teaming agreement to submit the proposal to the federal government, represented by the MoE, to manage the IT systems of 10,000 schools nationwide.

The RM350 million project could be a lifesaver for Theta Edge, which has been in the red for more than 10 years now. For 1QFY2014 ended March 31, the group saw its net loss decline marginally to RM2.82 million from RM3.28 million a year earlier. Revenue declined to RM12.92 million from RM13.02 million.

Cumulatively in FY2013, the group saw a net loss of RM8.01 million from RM6.97 million a year earlier. This was on the back of a larger revenue of RM94.9 million against RM75.29 million in FY2012. In FY2011, the group's net loss was RM12.79 million on a revenue of RM58.45 million.

According to its 2013 annual report, Theta Edge had an order book of RM135 million at the beginning of this year. More than 50% of its order book is billable for its current financial year.

The source says the delay in awarding the project was mainly because another company has also been keen on getting it as well. "There is one company, Hopetech Sdn Bhd. They [Theta Edge] have been working on it for years and then someone else hears of this opportunity," says the source.

Hopetech is a systems integrator and solutions provider company for automated revenue collection, road telematics and secure electronic payment systems. Its core business is providing solutions to toll and fare ticketing systems.

The key management in the company includes Major General Datuk Khalid Saad, who is a representative appointed by the company's shareholder Lembaga Tabung Angkatan Tentera (LTAT). A search on the Companies Commission of Malaysia (CCM) shows that Hopetech has not submitted its financials to CCM since 2009.

Hopetech's shareholders include its holding company Hopetech Holdings Sdn Bhd, which has a 62.98% stake, Malaysia Venture Capital Management Bhd with a 12.50% stake and LTAT with a 15% interest. The other shareholders are Musharaka Tech Venture Sdn Bhd with a 6.67% stake and Ramlee Mohd Shariif with a 2.85% interest.

Theta Edge's share price has been on an up-trend since the start of the year. Year-to-date, the stock has climbed 48.72% to close at 58 sen last Friday from around 39 sen at the start of the year. The recent spike imitates the one seen in June 2012, when the stock rose to 61 sen before plunging to hover around 20 sen.

Should the MoE accept the proposal, Theta Edge's wholly owned subsidiary Konsortium Jaya Sdn Bhd will be the main contractor for the project while TMS' wholly owned unit TMS Software Sdn Bhd will be the sub-contractor. The two companies have told Bursa Malaysia that the estimated value of the project, profit margin and revenue as well as profit sharing ratio have yet to be determined.

Recently, Theta Edge was appointed a system integrator for the development of the Sistem Perakaunan Akruan Kerajaan Negeri, or the accruals accounting system for state treasuries, by Jabatan Akauntan Negara. The project, which has a value of RM22.8 million, has a duration of 36 months, running from May 1, 2014 to April 30, 2017.

Interestingly, Theta Edge's partner TMS has a collaborating agreement with Hopetech. In February 2012, Hopetech appointed TMS as a sub-contractor in a project to design, manufacture, supply and install as well as test and commission the automatic fare collection system for Keretapi Tanah Melayu's commuter stations. Awarded by the Ministry of Transport, the project has an estimated value of RM85.88 million. **E**

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