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12-06-2006: Wijaya Baru sees 10-fold jump in healthcare contribution to revenue

By Gan Yen Kuan

Timber-based Wijaya Baru Global Bhd expects a tenfold jump in the contribution from its new core business in medical and healthcare to the group's total turnover to 30% from last year's 3% within the next three to five years.

Its chairman Datuk Abdul Azim Mohd Zabidi said the medical and healthcare division is undergoing a "serious" expansion plan with its unit Wijaya International Medical Centre Sdn Bhd negotiating to acquire a medical centre in Kuala Lumpur, which is expected to be completed by year-end.

It owns the Wijaya International Medical Centre (WIMC) in Petaling Jaya, which started operations last September. Currently, the medical centre has a total staff strength of 47 people, including 21 doctors.

The company has invested RM100 million in the medical centre, and is expected to increase its investment in high-technology medical equipment.

Speaking to reporters after its AGM in Petaling Jaya on June 12, Abdul Azim said: "About RM71.9 million of our revenue (last year) came from timber side. With our timber concession in Sarawak running out in four years' time, we have this two-pronged strategy of diversifying its income stream."

WIMC accounted for RM1.9 million of the RM73.8 million revenue posted in the financial year ended Dec 31, 2005. The company achieved a net profit of RM40.4 million, up 380% from RM8.4 million in 2004, mainly due to the write-back of impairment losses on leasehold land and building, and an increase in the share of profit from an associate company.

Abdul Azim said the medical centre, which is expected to receive about 1,200 patients by year-end, would introduce a loyalty programme in the future to promote WIMC both locally and internationally.

Wijaya Baru Global deputy chief executive officer and director Haji Faizal Abdullah said the company, as part of its expansion plan, will rent a new building to be built on a 0.6ha piece of land opposite WIMC to reduce its capital expenditure. The proposed building is expected to be ready in 2008.

He said WIMC was the only private medical centre in Malaysia to own the cyclotron, a machine used to produce a radioactive glucose, the fluono deoxy glucose or FDG, which is injected into a patient's body to detect cancer growth at early stage.

"We've received a lot of serious interest from other medical centres in buying our FDG, which will be cheaper, about 30% of the price they get from suppliers in Singapore," he said.

On its construction business, Faizal said its 45%-owned Wijaya Baru Sdn Bhd was at an "advanced stage" of negotiations with the federal government for a RM1 billion infrastructure construction project.

He said Wijaya Baru had RM700 million worth of contracts for the development of the Port Klang Free Zone, which would translate into "significant" net profit for the current financial year.

On its timber business, Abdul Azim said it had been invited by a few companies from Indonesia, Papua New Guinea and Congo to carry out logging activities there.