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LTH aims to declare higher dividends

National pilgrim fund buoyed by attractive investments returns, Indonesian plantation firm sale

ALLOWING attractive returns on investments, coupled with proceeds from the sale of its stake in a plantation company in Indonesia, Lembaga Tabung Haji (LTH) is well-placed to disburse higher dividends this year to depositors.

This is a reflection of the national pilgrim fund board's efforts to ensure depositors' capital remains protected while at the same time giving them "handsome" returns, said group managing director and chief executive officer Datuk Ismee Ismail.

He said in an interview that LTH would ensure that any investment made would bear fruit for them and their depositors at the end of the day.

"Last year, we declared 6% dividend (and) hopefully, this year, we should be able to maintain our performance. We are working very hard to ensure that Tabung Haji depositors' money, the capital, is protected and for them to get a decent return for their savings."

As of February 2012, there

were 6.9 million depositors in Tabung Haji.

The higher returns on investment have allowed LTH to continue to absorb some of the pilgrimage cost for Malaysians that continues to rise every year due to different external factors, Ismee said.

"Alhamdulillah, in the past few years, we have been subsidising haj pilgrims. We have been able to do it because of the good returns from our investments."

This year, he said, the subsidy per person has risen to RM5,175 from RM4,320 last year due to the rise in accommodation, transportation and related costs, yet LTH depositors on their first pilgrimage are charged RM9,980 for the haj package, a rate that has not changed since 2009.

"In the haj training course, we always inform them: if you are a first-timer and going under muassasah (normal package service), this is how much Tabung Haji supports. In a way, our higher returns on investments directly benefit intending

haj pilgrims."

He said the fund board's real estate investments in Mecca are also a long-term strategy to reduce pilgrimage cost as it can use the returns on investments as cross subsidy.

On the RM3 billion proposed sale of its 95% stake in PT TH Indo Plantations, Ismee said the buyer has been given until the end of August to complete the due diligence process.

"Of course, with the sale, this is going to be an exceptional item for the year and of course, we will be making a handsome profit from this transaction. We are going to declare as dividends to depositors, (definitely) it will translate to higher dividends."

LTH first bought the stake in 1997 for between RM800 million to RM1 billion. The Indonesian unit has 83,879ha of plantation land in Riau, Sumatra, out of LTH's total landbank of 210,000ha.

Through the proceeds, LTH is planning to increase its interest in plantations and

is looking at Malaysia and Indonesia for possible new investments.

"The plantation sector is one of LTH's main areas of continued involvement. From here we will look at opportunities to re-invest in new areas offering better returns."

"Increasing the landbank will be done over the next few years. We will continue to look at Malaysia and Indonesia because we are here to stay in the plantation sector.

"We have the know-how, the expertise and the team. We should just expand on this experience, for us to be a bigger player in the future," Ismee said, adding that LTH's unit, TH Plantations Bhd, will be the flagship in the plantation sector.

The pilgrimage fund also has another six wholly-owned subsidiaries in the plantation sector — TH Agro Sdn Bhd, TH Bakti Sdn Bhd, TH Estates (Holding) Sdn Bhd, TH Indo Industries Sdn Bhd and TH Ladang (Sabah & Sarawak) Sdn Bhd. — Bernama