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Tabung Haji likely to give higher dividends this year

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

This is a reflection of the national pilgrim fund board's effort to ensure depositors' capital remains protected while giving them "handsome" returns.

Group managing director and CEO Datuk Ismee Ismail told *Bernama* that LTH would ensure that any investments made would bear fruit for depositors at the end of the day.

"Last year, we declared 6% dividend and hopefully this year, we are able to maintain our performance. We are working very hard to ensure that Tabung Haji depositors' money is protected and they get a decent return for their savings," he said.

As at February 2012, there were 6.9 million depositors in Tabung Haji.

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

"In the past few years, we have been subsidising haj pilgrims. We

have been able to do so because of the good returns from our investments," he said.

This year, Ismee said, the subsidy per person has risen to RM5,175 from RM4,320 last year due to the rise in accommodation, transport and related costs.

LTH depositors on their first pilgrimage are charged RM9,980 for the haj package, a rate that has not changed since 2009.

"During 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 haj pilgrims," he said.

Ismee said the fund board's real estate investments in Mecca are also a long-term strategy to reduce pilgrimage costs as the returns on investments can be used as cross subsidies.

On the proposed RM3 billion 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.

"With the sale, this is going to be an exceptional item for the year and we will make a handsome profit from this transaction. We are going to declare as dividends to depositors, translating into higher dividends," he said.

LTH bought the stake in 1997 for 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.

With the proceeds, LTH plans to increase its stake 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 invest in new areas offering better returns," Ismee said.

"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 to be a bigger player in the future," he said, adding that LTH's unit, TH Plantations Bhd, will be the flagship in the plantation sector.

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