



NEWS RELEASE
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TM INTERNATIONAL BERHAD EXPANDS ITS PRESENCE IN INDIA

TM International Berhad (“**TMI**”) had, on 25 June 2008 inked a deal with Idea Cellular Limited (“**Idea**”), Aditya Birla Group and Spice Communications Limited (“**Spice**”), which will result in TMI expanding significantly its presence in India.

TMI will emerge as the second largest shareholder in the enlarged Idea as a result of the merger between Spice and Idea. Consequently, it will have access to over 28 million subscribers (based on March 08 numbers), representing an 11 % (pan-India) market share with a presence in the 13 operating circles in India with a population of approximately 700 million.

The enlarged Idea will be the fifth largest mobile player in India (based on March 08 numbers) in one of the fastest-growing mobile markets in the world. Idea aspires to emerge as a pan-Indian mobile operator with presence over all 22 circles in India.

The key rationales of the transaction are as follows:

- **India is a must given significant growth potential**

The Indian market is in a rapid growth phase with approximately 7 - 8 million net additions per month. It has outperformed regional peers with 56% year-on-year growth recorded in 2007.

With the current low penetration level (one of the lowest among peer countries) and improving economics, future growth is expected to be strong with approximately 200 – 300 million net additional subscribers expected over the next three years.

Headroom for growth in India from 2007 to 2012 is equivalent to the total expected growth of the current TMI footprint and practically the whole of TMI's target region (excluding India). India's mobile penetration, today, is one of the lowest in the region in the 20-30% range against China's 40% (approximate) and Malaysia's 80% (approximate).

- **Accelerate participation in the growth through consolidation/inorganic means**

As a regional telecom investor, it is essential for TMI to capitalize on the current high growth phase, especially as the headroom for growth is in the next 3 – 5 years. By 2012, it is expected that the penetration would reach the 50 - 60% level and beyond 2012 the country is expected to record slower growth. As such, the 'India opportunity' prevails very much now and any delay would reduce the ability to capitalize on the rapid growth. TMI's current operations in Spice have performed well. However, it remains at a regional scale with only two circles in operation.

Although Spice has been assigned licenses for 4 new circles, it would take approximately 1 - 2 years to rollout (following the spectrum allotment) and further 1 – 3 years for a Pan-Indian rollout. As such, the time lag could result in reduced ability to benefit from the significant opportunity and growth potential in the market in the next 3 – 5 years. At the same time, bigger players with better economies of scale are entering into Spice's existing circles and strengthening their operations in other circles making the competition intense. As such, the consolidation is indeed imminent where TMI intends to lead market consolidation in India with the first round.

- **Idea and Spice is the ideal combination**

The combination of Spice and Idea has no operational overlaps in its circles. Together, it would have a presence in 13 circles covering approximately 70% of the Indian population. Further, the combined entity would become the fifth largest operator in India (by subscribers, based on March '08 numbers) with 28.2 million subscribers as against Idea's standalone 6th position and Spice's standalone 8th position. Idea has also secured licenses for all the remaining circles and national rollout is in the pipeline. The infusion of

US\$1,060 million by TMI is primarily aimed at providing funding support to national rollout aspiration and becoming a pan-Indian operator. The investment also brings a very strong partnership to the TMI Group with Idea having excellent financial performances. It also enables collaboration with the Birla Group.

Over the last few years, Idea has been performing extremely well, recording 71% year-on-year growth in subscribers in 2007 outperforming the industry growth of 58% together with revenue CAGR of 50% and EBITDA CAGR of 44%.

- **Merger of Idea and Spice brings additional benefits to both parties**

The investment leverages TMI's regional experience especially in the more matured markets including expertise in 3G businesses and rollout experiences as India moves into the next technology wave. For TMI, the transaction will provide additional exposure to new emerging business models viz pay-as-you-grow, managed services, active/passive infrastructure sharing, hosted Value Added Services, etc. Together, TMI and Idea would form a business cooperation forum to help facilitate synergies and share knowledge as well as best practices between the two groups of companies.

- **The transaction meets TMI's investment criteria**

The combined entity is expected to become an earnings accretive for TMI (post financing costs) in the first full year of operations. Also, the combined entity could yield approximately 15-20% of TMI's consolidated profits in 2012 (based on existing portfolio) and it carries project IRR of mid-high teens in a 5-year time horizon. On the contrary, if TMI were to embark on the alternative strategy of greenfield rollout in Spice, substantial capital infusion would be necessary and could result in earnings dilution for the next 4 - 5 years.

TMI's Chairman, Tan Sri Dato' Azman Mokhtar said, "This is a major landmark for TMI on the road to being a leading regional player. Standing still is not an option in India."

Echoing the Chairman's view, TMI's President and Group Chief Executive Officer, Dato' Jamaludin Ibrahim said, "It was clear that we must roll out quickly or find other means to capture

the growth momentum. This strategic move has significantly upgraded our position to a stronger growth platform that instantly provides exposure across the whole of India. I have recently said that while we explore new opportunities, we should also focus on unlocking the value of our rich existing portfolio. For India, in the long run, we need to have a pan-Indian presence and in terms of timing, we need to capture the window of growth opportunity early. A consolidation would indeed give us that opportunity.”

“Idea is an ideal match for us in so many ways; among others, our non-overlapping operational circles, its proven financial performance and operational capability, and its nationwide licenses. The transaction meets our financial criteria. In a nutshell, this is the best option to give us an immediate near pan-Indian presence with further growth potential and yet with earnings accretion from the first full year of operations. Furthermore, we could grow with lower execution risks given the relatively less rollout required and the combined strengths of the merged entities. That is a unique proposition.”

“We wish to thank Dr BK Modi and his team for the strong partnership that we have built over the last few years where together we have made Spice a successful company,” added Dato’ Jamaludin.

The transaction will involve TMI Mauritius Ltd (“**TMI Mauritius**”), a wholly-owned subsidiary of TMI, subscribing for 14.99% equity interest in Idea, for a cash consideration of INR72,945 million (approximately RM5,536 million) or INR156.96 (approximately RM11.91) per Idea share. Subsequently, TMI Mauritius shareholdings in Idea will increase to 19% pursuant to the merger of Spice and Idea. TMI Mauritius will further have a call option on Birla Group shares for incremental stake in Idea. TMI expects to equity account its investment in Idea.

The transaction is expected to be fully completed in the second quarter of 2009.

Lazard acted as the financial adviser to TMI while Idea Cellular was advised by DSP Merrill Lynch.

ABOUT SPICE

Spice was incorporated as Modicom Network Private Limited on 28 March 1995 as a private limited company under the laws of India. Spice subsequently became a deemed public company under Section 43(1A) of the Companies Act, 1956 of India with effect from 1 April 1999 and its name was changed to Modicom Network Limited. Spice assumed its present name via a fresh Certificate of Incorporation dated 3 December 1999. With the addition of the word 'Private' in Spice's name under Section 43(2A) of the Companies Amendment Act, 2000 of India, Spice's name was changed to Spice Communications Private Limited with effect from 28 October 2003. On 28 December 2006, Spice was converted into a public limited company and assumed its present name.

Spice currently offers mobile telecommunications services in the Punjab and Karnataka circles of India. As of 31 March 2008, Spice had 4.2 million subscribers representing a 1.6% market share in India, and was the second and fifth largest mobile telecommunications service provider within the Punjab and Karnataka circles, respectively.

Spice has recently received four Unified Access Services licenses for the Maharashtra, Andhra Pradesh, Haryana and Delhi circles. Spice will be entitled to 4.4 MHz of GSM spectrum per circle, subject to availability.

Spice was listed on the Bombay Stock Exchange Limited on 19 July 2007 and on National Stock Exchange on 16 June 2008.

Spice's net assets and profit after taxation are INR8,579 million and INR3,801 million respectively, based on its audited financial statements for the financial year ended 31 December 2007.

For more information on Spice visit: www.spiceindia.com

ABOUT IDEA

Idea Cellular Limited (“**Idea**”) was incorporated as Birla Communications Limited on 14 March 1995 as a private limited company under the laws of India. On 30 May 1996, its name was changed to Birla AT&T Communications Limited following the execution of a joint-venture agreement dated 5 December 1995 between AT&T Corporation and Grasim Industries Limited pursuant to which the Aditya Birla Group held 51% of Idea’s equity share capital and the AWS Group held 49% of Idea’s equity share capital. With effect from 1 January 2001 following its merger with Tata Cellular Limited, the joint-venture agreement between AT&T Corporation and Grasim Industries Limited dated 5 December 1995 was replaced by a shareholder’s agreement dated 15 December 2000 entered between Grasim Industries Limited on behalf of the Aditya Birla Group, Tata Industries Limited on behalf of the TATA Group and AT&T Wireless Services Inc. on behalf of the AWS Group following which Idea’s name was changed to Birla Tata AT&T Limited on 6 November 2001.

Consequent to the introduction of the “Idea” brand, Idea’s name was changed to its present name on 1 May 2002. The AWS Group exited from Idea on 28 September 2005 by selling 371,780,740 equity shares of Idea, which constituted 50% of the holding of AT&T Cellular Private Limited in Idea’s equity share capital to ABNL and by transferring the remaining 371,780,750 equity shares to Tata Industries Limited. The TATA Group ceased to be a shareholder of Idea on 20 June 2006 when Tata Industries Limited and Apex Investments (Mauritius) Holding Private Limited (formerly known as AT&T Cellular Private Limited) sold all their shares in Idea to the Aditya Birla Group. On 26 October 2006, P5 Asia Investments (Mauritius) Limited acquired 14.60% of Idea’s equity share capital.

Idea is currently the 6th largest mobile telecommunication company in India, in terms of number of subscribers. As of 31 March 2008, Idea had 24 million subscribers representing a 9.4 % market share in India. Idea was listed on the National Stock Exchange and Bombay Stock Exchange in India on 9 March 2007.

Idea’s consolidated net assets and profit after taxation are INR21,791.5 million and INR10,423.1 million respectively, based on its audited consolidated financial statements of Idea for the financial year ended 31 March 2008.

For more information on Idea visit: www.ideacellular.com or www.adityabirla.com

ABOUT TMI

TMI is an emerging leader in Asian telecommunications with significant presence in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia. In addition, the Malaysian-grown holding company has strategic mobile and non-mobile telecommunications operations and investments in India, Singapore, Iran, Pakistan and Thailand.

The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'AKTEL' in Bangladesh, 'HELLO' in Cambodia, 'Spice' in India, 'M1' in Singapore and 'MTCE' in Iran (Esfahan).

Listed on Bursa Malaysia, TMI is among the top ten biggest public-listed companies in Malaysia by market capitalisation, and the first listed pan-Asian pure cellular service provider in the region.

The Group, including its subsidiaries and associates, has about 44 million mobile subscribers in Asia, putting it among the largest mobile telecommunication providers in the region by turnover. The Group has approximately 13,000 people under employment in ten countries.

For more information on TMI visit: www.tmigroup.com

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