

Mesiniaga

**Creating Waves
of Success**

annual report 2007



COVER RATIONALE

CREATING WAVES OF SUCCESS

At Mesiniaga we recognise that our value to our customers is in promoting their business success, and that technology is merely a medium towards this end. Hence, our Mission of being a 'Business Solutions Provider of Greatest Added Value'.

The origami boat represents our customers, whereas Mesiniaga is characterised as the blue wave lifting our customers towards success. The boat's reflection on the water symbolises an appreciation of customer business, objectives and success drivers in fulfilling our commitments to them. The presence of the origami boat throughout the annual report suggests our constant awareness of customer interests.





CREATING WAVES OF SUCCESS



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OUR VISION

TO BE THE MALAYSIAN IT PARTNER OF CHOICE

OUR MISSION

DELIVERING BUSINESS SOLUTIONS OF GREATEST ADDED VALUE

OUR SHARED VALUES

PASSION FOR OUR CUSTOMERS' SUCCESS AND SATISFACTION
RESPECT FOR EVERY INDIVIDUAL
INNOVATION IN OUR ENDEAVOURS
DYNAMISM IN OUR LEADERSHIP
EXCELLENCE IN OUR SERVICE AND DELIVERY





TRANSFORMATION


MESINIAGA IS TRANSFORMING ITSELF INTO A COMPANY THAT DELIVERS BUSINESS SOLUTIONS WHICH IMPACT ITS CUSTOMERS' PROFIT AND GROWTH. OUR ABILITY TO DELIVER THE

HIGHEST RETURNS ON OUR CUSTOMERS' IT INVESTMENTS

WILL BE THE KEY DRIVER TO REALISE OUR VISION IN BECOMING THE IT PARTNER OF CHOICE.



CHAIRMAN'S STATEMENT

A portrait of Wan Mohamed Fusil, the Chairman, wearing a dark pinstripe suit, a light blue shirt, and a striped tie. He is smiling slightly and looking towards the camera. The background is a blurred indoor setting with large windows.

WAN MOHAMED FUSIL

Dear Shareholders,

2007 was a very challenging year for us. We fell short of our profit expectations despite sound operational performance and robust sales performance from our infrastructure solutions. While we secured many large projects during the year, we were faced with an increasingly competitive market environment that drove our margins down. Of late, this trend has become prevalent due to the exploitation of IT in business operations within an aggressive marketplace. Our operating expenses were also affected by considerable investments made in pursuit of our transformation objectives. As such, although our revenue increased by 12.5% to RM356 million, our pre-tax profits were down by 11.9% at RM19.9 million when compared to the previous fiscal year.

OUR BOLD MOVE WILL PUT US ON THE RIGHT TRACK



The good news is that we had anticipated this market condition. Our transformation process which started in 2006 is a long-term plan undertaken to overcome this situation. We recognise the need to change into a company that constantly creates value in order to earn a premium status with our stakeholders. Thus, our ultimate aim is to improve our profitability. We believe that the effects of our continuing investment and commitment will be visible within the next two years.

Last year, we executed a couple of key initiatives in accordance with our transformation strategies. Firstly, we implemented improvements and innovation in our operational structure and processes. Our network infrastructure was upgraded to increase our productivity level. We also acquired new office premises, mainly to facilitate our warehousing and installation

operations in order for us to improve our delivery process. Secondly, we geared up our human resources with the right set of skills to enhance our business solution offerings and deliverables. We are very proud of our competent and committed workforce. Mesiniaga is constantly seeking better means to recruit and retain the best people. The company expends considerable efforts in developing this most important asset for growth and specialisation. In addition, we overhauled our general recruitment practices. This included the introduction of a profiling tool to ensure the best possible fit for the job. We also embarked on a review of present job descriptions and salaries to benchmark ourselves against the industry. We believe these actions are crucial in motivating our employees to deliver the best quality and value to our customers.

Our investments into the future have increased our staff cost by 10% and impacted our bottom line. However, we are confident that our bold move will put us on the right track. Our performance indicators showed that we have increased our presence in the commercial sector. Our revenue in this segment rose by more than 40% over the previous year, in line with our strategy. We also continue to generate higher profits in the area of IT services which accounted for approximately 70% of our total gross profit in 2007 despite a contribution of only 33% in total revenue. This validates our investments to enhance our capabilities to deliver more IT services as a way to offset the lower margins in IT hardware.

CHAIRMAN'S STATEMENT

EMPOWER AND NURTURE YOUTHS THROUGH RELEVANT

SKILLS DEVELOPMENT AND EDUCATIONAL PROGRAMS

ANOTHER SIGNIFICANT MILESTONE IS OUR REINFORCED COMMITMENT IN CORPORATE RESPONSIBILITY (CR) AS WE BELIEVE THAT THIS CAN CONTRIBUTE TO LONG-TERM SUCCESS. OUR CR MISSION IS TO EMPOWER AND NURTURE YOUTHS THROUGH RELEVANT SKILLS DEVELOPMENT AND EDUCATIONAL PROGRAMS TO PARTICIPATE IN A KNOWLEDGE-BASED ECONOMY.



Our success in 2007 was also reflected in several significant awards and recognitions received from key technology partners such as Cisco, IBM and Microsoft. It is evident that our partnership and reputation with our technology partners remain strong and credible. Another significant milestone is our reinforced commitment in corporate responsibility (CR) as we believe that this can contribute to long-term success. Our CR mission is to empower and nurture youths through relevant skills development and educational programs to participate in a knowledge-based economy. One major CR program is our collaboration with the Ministry of Higher Education (MoHE) for the provision of Work-based Learning (WBL) to community college students. This program has received commendations from MoHE and is now used as a benchmark for other companies offering similar programs. We also remain stringent in matters of corporate governance and ethics to ensure satisfactory delivery of all our obligations to stakeholders.





Looking ahead, we are optimistic about our ability to improve our business performance. With a strong order book and several major projects in the pipeline, we believe that the market offers substantial opportunities for us to deliver on our promises. Our good progress in pursuing strategic priorities set out last year will serve to fuel future growth. Our past investments will strengthen our position in long-term growth markets, such as the nation's economic corridors and services outsourcing. I anticipate further development in 2008, as we continue to innovate on our business offerings. The foundations for long-term success have been put in place. Now is the time for us to enhance value creation so that we remain a leader in a demanding marketplace.

On 1 January 2008, we made yet another strategic move by appointing Fathil Ismail as Mesiniaga's new Managing Director, a change that will escalate Mesiniaga's drive to fulfil its goals. In order for us to be the acknowledged Malaysian IT Partner of Choice, we have to transcend the current market needs and anticipate future needs.

Fathil has served the Board since 2002 and has been a very active contributor to our business direction and strategies. Furthermore, his entrepreneurial and investment banking background will elevate our ability to offer the highest value proposition to our customers. I have great confidence that the new leadership will steer us towards our ultimate destination.

I would like to pay tribute to my fellow directors for their considerable contributions in support of the Group. In 2007 we welcomed a new director, Abd Talib Baba to the Board while Zaiton Mohd. Hassan and Nor Hayati Mohd Kassim, have since retired and resigned respectively from the Board. I would also like to thank the management and all our employees for their outstanding commitment in 2007.

Wan Mohamed Fusil
Chairman

MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS



FATHIL ISMAIL

Dear Shareholders,

From modest beginnings, the founders of Mesiniaga built a successful Malaysian brand. The foundation of our business has been the integrity that governs all dealings including the keeping of promises made to our customers.

"WHAT ARE THE RIGHT PROMISES TO MAKE?"



In this evolved world, the question now is, "What are the right promises to make?"

We wrestled with this question and it led to the restated Vision of being Malaysia's IT Partner of Choice through offering customers Business Solutions of Greatest Added Value, our restated mission.

Put simply, this means close alignment with customer objectives. If the customers' objective is to maximise value then this too must be Mesiniaga's objective, through the medium of technology. Continued relevance can be achieved in no other way.

The traditional role played was in fulfilment of technical requirements. This is a reactive role. Customers first translate business aspirations into business mechanics and then technical specifications. Our role was to fulfil.

We are now electing to play a proactive role. This involves developing an appreciation of how customer value is created and how technology can impact this process. We will actively seek out opportunities for customer business advantage through technology.

MANAGING DIRECTOR'S
LETTER TO SHAREHOLDERS



BUSINESS SOLUTIONS OF
**GREATEST
ADDED
VALUE**

IF THE CUSTOMERS' OBJECTIVE IS TO MAXIMISE VALUE, THEN THIS TOO MUST BE MESINIAGA'S OBJECTIVE, THROUGH THE MEDIUM OF TECHNOLOGY.





Even in cases where our role is restricted to fulfilment, the efficacy of our solutions will improve. We seek to differentiate ourselves from other IT players by offering better context for our technology deployments through better understanding of customer business and needs.

This thinking addresses the single biggest challenge facing us today. This challenge is depleting margins through ever-increasing competition and commoditisation of technology. In order to earn more profit, we must create more value for our customers and cannot remain as purely a fulfilment agent.

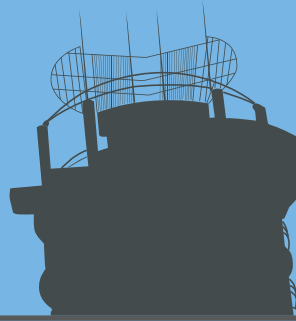
In effecting this change, we have instituted a large number of initiatives. It is however a process that will mature over a number of years. I believe that we will emerge from it as a world-class IT services provider with stronger margins and long-term growth. These are factors that drive shareholder value.

We thank you for your continued confidence and look forward to sharing this journey with you.

Fathil Ismail
Managing Director

EVEN IN CASES WHERE OUR ROLE IS RESTRICTED TO FULFILMENT, THE EFFICACY OF OUR SOLUTIONS WILL IMPROVE. WE SEEK TO DIFFERENTIATE OURSELVES FROM OTHER I.T. PLAYERS BY OFFERING BETTER CONTEXT FOR OUR TECHNOLOGY DEPLOYMENTS THROUGH BETTER UNDERSTANDING OF CUSTOMER BUSINESS AND NEEDS.

CORPORATE HISTORY AND MILESTONES



1981

Conceived as IBM's response to the New Economic Policy aimed at increasing local participation in the industry

1982

Company was officially operational

1992

Construction of company headquarters was completed. Designed by architect Ken Yeang of TR Hamzah & Yeang to meet the company's aspirations

1993

Evolved into a business solutions and services provider. Established a dedicated team for this purpose - Network Services Unit (NSU) and iNet & Workgroup Solutions Team (IWS)

1994

Awarded MS ISO 9001 Certification by SIRIM

1995

Formed Systems Integration and Project Management Unit (SI/PM) to provide end-to-end integrated solutions architecture, design and implementation

1997

Recognised as IBM/Lotus Premier Partner

1999

Listed on KLSE Main Board (now known as Bursa Securities)

Appointed Microsoft Managed Partner

2003

Company-wide ISO Certification

Penang Branch building, Mutiara Mesiniaga was completed

Achieved Microsoft Gold Partner status

First Malaysian and Bumiputera company certified as Cisco Gold Partner

2004

Appointed as Microsoft Large Account Reseller

2005

Launched the Business Productivity Centre (BPC), which is the first in Malaysia and third in Asia. A joint venture with Microsoft, it offers an Executive Briefing Centre for Microsoft Solutions

Embarked on company-wide Transformation by implementing various corporate strategies to revitalise the company

2006

Underwent organisational restructuring by aligning company functions into five core divisions: Sales, Infrastructure, Systems & Applications (ISA), Maintenance and Managed Services (MMS), Technology Research & Innovation and Corporate Support

Received the PIKOM National ICT Service Provider Award

2007

Celebrated its 25th Anniversary

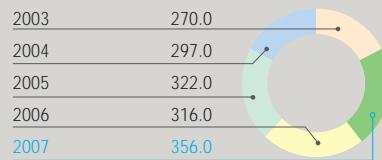
Launched Employee Volunteerism in CR Programs, an initiative undertaken under the Mesiniaga Corporate Responsibility Program

Acquired new office premises in UEP Industrial Park for customer support and warehouse

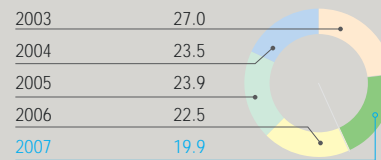


FIVE-YEAR PERFORMANCE STATISTICS

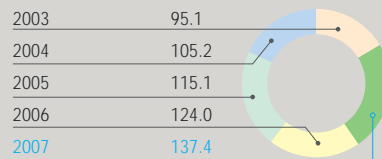
Revenue (RM million)



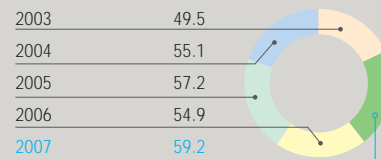
Profit Before Tax (RM million)



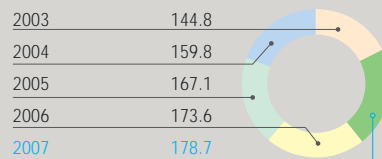
Net Current Assets (RM million)



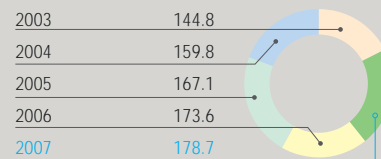
Fixed Assets (RM million)



Net Tangible Assets (RM million)



Shareholders' Equity (RM million)



CORPORATE INFORMATION

BOARD OF DIRECTORS

WAN MOHAMED FUSIL
(Executive Chairman w.e.f. 14 June 2007)
(CEO until 31 December 2007)

FATHIL ISMAIL
(Managing Director w.e.f. 1 January 2008)

MOHD PUZI AHAMAD

DATO' WAN ABDULLAH MOHAMAD

NOR HAYATI MOHD. KASIM
(Resigned w.e.f. 31 October 2007)

CHUNG THIAN SINN

VOON SENG CHUAN

ZAITON MOHD. HASSAN
(Retired w.e.f. 14 June 2007)

ABD TALIB BABA
(Appointed w.e.f. 21 August 2007)

NOMINATION COMMITTEE

NOR HAYATI MOHD. KASIM
(Chairperson)
(Resigned w.e.f. 31 October 2007)

DATO' WAN ABDULLAH MOHAMAD
(Chairperson)
(Appointed w.e.f. 18 December 2007)

CHUNG THIAN SINN

WAN MOHAMED FUSIL

MOHD PUZI AHAMAD

OPTION COMMITTEE

Dissolved w.e.f. 18 December 2007

FATHIL ISMAIL
(Chairperson)

NOR HAYATI MOHD. KASIM
(Resigned w.e.f. 31 October 2007)

EXECUTIVE DIRECTORS REMUNERATION COMMITTEE

NOR HAYATI MOHD. KASIM
(Chairperson)
(Resigned w.e.f. 31 October 2007)

VOON SENG CHUAN
(Chairperson)
(Appointed w.e.f. 18 December 2007)

DATO' WAN ABDULLAH MOHAMAD

NON-EXECUTIVE DIRECTORS REMUNERATION COMMITTEE

WAN MOHAMED FUSIL
(Chairperson)

MOHD PUZI AHAMAD

NOR HAYATI MOHD KASIM
(Resigned w.e.f. 31 October 2007)

AUDIT COMMITTEE

ZAITON MOHD. HASSAN
(Chairperson)
(Retired w.e.f. 14 June 2007)

ABD TALIB BABA
(Chairperson)
(Appointed w.e.f. 21 August 2007)

NOR HAYATI MOHD. KASIM
(Resigned w.e.f. 31 October 2007)

CHUNG THIAN SINN

WAN MOHAMED FUSIL
(Appointed w.e.f. 18 December 2007)

INVESTMENT COMMITTEE

FATHIL ISMAIL
(Chairperson)
(Resigned w.e.f. 18 December 2007)

WAN MOHAMED FUSIL
(Chairperson)
(Appointed w.e.f. 18 December 2007)

ZAITON MOHD. HASSAN
(Retired w.e.f. 14 June 2007)

MOHD PUZI AHAMAD

CHUNG THIAN SINN

COMPANY SECRETARY

JASNI ABDUL JALIL
(MACS 01359)

COMPANY REGISTRATION NUMBER

79244-V

REGISTERED OFFICE

11th Floor, Menara Mesiniaga
1A, Jalan SS16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel: 03-5635 8828
Fax: 03-5636 3838

AUDITORS AND REPORTING ACCOUNTANTS

PRICEWATERHOUSECOOPERS

Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188

PRINCIPAL BANKERS

CITIBANK BERHAD

BANK ISLAM MALAYSIA BERHAD

STANDARD CHARTERED BANK
(MALAYSIA) BERHAD

MAYBANK BERHAD

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS
SDN. BHD.

Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

STOCK EXCHANGE LISTING

Main Board of BURSA SECURITIES

CORPORATE
STRUCTURE**Mesiniaga Services Sdn Bhd**

Provision of maintenance and managed services

100%**Mesiniaga MSC Sdn Bhd**

Provision of solution services and technology research and development

100%**100%**

Business development of new product technologies and markets

Mesiniaga Techniques Sdn Bhd

Provision of management training and consulting services in strategic and human resource planning.

100%**Mesiniaga-SCS Sdn Bhd****Navigis Sdn. Bhd. 70%**

Provision of training, management advisory and consultancy services.

VA DYNAMICS Sdn Bhd**51%**

Sales of networking cables and related product

SJA Infotech Sdn Bhd

Development and maintenance of Websites

35%**PWR Powerplan (MALAYSIA) Sdn Bhd 30%**

Dormant





Log Home, Inc.,
 a leading manufacturer of
 modular homes in North America,
 has shown steady growth
 and compelling a number
 of new homes, indicating
 strong demand for possible realization.
 Line of business, industry focusing
 local reach of our new units. French
 in Japan

Mealy
 SOLUTION
 MANUAL

CUSTOMER ALIGNMENT

CONGRUENT OBJECTIVES

MESINIAGA'S OBJECTIVES ARE CONGRUENT WITH OUR CUSTOMERS' OBJECTIVES. TOGETHER WITH OUR CUSTOMERS, WE EMBARK ON A PARALLEL JOURNEY IN PURSUIT OF CUSTOMER OBJECTIVES TO ENSURE THAT ATTAINMENT OF COMMON GOALS ARE ACHIEVED.

BOARD OF DIRECTORS

Fathil Ismail
Managing Director

Chung Thian Sinn
Independent Non-Executive Director

Dato' Wan Abdullah Mohamad
Non-Independent Non-Executive Director

Voon Seng Chuan
Independent Non-Executive Director



Mohd Puzi Ahamad

Executive Director and Chief Financial Officer

Abd Talib Baba

Independent Non-Executive Director

Wan Mohamed Fusil

Executive Chairman



BOARD OF
DIRECTORS

Wan Mohamed Fusil

Wan Mohamed Fusil

57, Executive Chairman

Wan Mohamed Fusil was appointed to the Board on 17 December 1981 as part of the team who founded the company. He was elected Chairman of the Board on 14 June 2007. Wan Fusil was the Chief Executive Officer of Mesiniaga until 31 December 2007. Prior to joining Mesiniaga, Wan Fusil was with IBM Malaysia. During his tenure with IBM Malaysia, he served in various managerial positions. This included serving as Country Manager - Information Products Division. Wan Fusil is one of the first serving Board Members of Multimedia Development Corporation (MDeC) and is also one of the founder members of the Association of Computer and Multimedia Industry Malaysia (PIKOM). He has held several positions in PIKOM including serving as Councillor (1987), Deputy Chairman (1989-1991) and Chairman (1991/92). Wan Fusil graduated with a Diploma in Accountancy from ITM (now known as UiTM) in 1972.



Mohd Puzi Ahamad

Fathil Ismail

Mohd Puzi Ahamad, RA (M), FCCA,
55, Executive Director and Chief Financial Officer

Mohd Puzi Ahamad was appointed to the Board on 17 December 1981 as part of the team who founded the company. Prior to joining the company, he served with IBM Malaysia in various capacities over a seven-year period from 1974-1981. His last position with IBM Malaysia was Sales and Administration Manager. A trained accountant who graduated from ITM (now known as UiTM), Mohd Puzi is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

Fathil Ismail
44, Managing Director

Fathil Ismail began his involvement in Mesiniaga on 1 June 2002 as a Non-Independent Non-Executive Director. Effective from 1 January 2008, Fathil was appointed as Mesiniaga's Managing Director. An accountant by training, Fathil served with Ernst & Young and then with the Corporate Finance Department of Arab Malaysian Merchant Bank before pursuing private enterprise. He was a founding partner and the Managing Director of Genesis Healthcare (now known as ING Employee Benefits) for six years until late 2001. Fathil is an alumnus of Malay College Kuala Kangsar and graduated from the Association of Chartered Certified Accountants (ACCA).

BOARD OF
DIRECTORS

Chung Thian Sinn

Abd Talib bin Baba

Nor Hayati Mohd Kasim is not represented in picture

Chung Thian Sinn

65, Independent Non-Executive Director

Chung Thian Sinn was appointed to the Board on 17 September 1999. Chung began his corporate career when he joined Mobil (Malaysia) as a Technical Sales Executive. In 1967, he joined IBM Malaysia as a Systems Engineer. The last position he held in IBM Malaysia was Country Systems Engineering Manager. In 1981, Chung joined Time Engineering Sdn. Bhd. and was appointed as Company Secretary and Director, a position from which he later retired in 1990. Chung graduated with a Bachelor of Science (Hons).

Nor Hayati Mohd Kasim

61, Independent Non-Executive Director

Nor Hayati Mohd. Kasim was appointed to the Board on 17 September 1999. She started her corporate career with Bank Negara Malaysia in 1971 as a Human Resource Officer. Subsequently, she joined IBM Malaysia as Personnel Assistant in 1974, later serving as Human Resource Manager. In 1997, Nor Hayati was appointed as Management Development Manager of IBM ASEAN, a position she later retired from in June 1999. Nor Hayati holds a Bachelor of Arts (Hons) degree from Universiti Malaya and a Master of Arts (Organisation Psychology) from the University of Lancaster. She has since resigned from office effective from 31 October 2007.

Abd Talib bin Baba, RA (M), FCCA

62, Independent Non-Executive Director

Abd Talib bin Baba was appointed to the Board on 21 August 2007. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a registered member of Malaysian Institute of Accountants (MIA). He started his career with the Ministry of Defence in 1965 before joining the Department of Civil Aviation (DCA) in 1973. Abd Talib left DCA to join Petronas Berhad as a Senior Internal Auditor in 1980 and subsequently served in Petronas Penapisan Sdn. Bhd. and Petronas Mitco Sdn. Bhd. He retired from Petronas in October 1999. Currently Abd Talib is also the Audit Committee Chairman of Bank Kerjasama Rakyat and sits on the board of UDA Holdings Berhad and Mas Kiara Berhad.



Voon Seng Chuan

Dato' Wan Abdullah Mohamad

Zaiton Mohd. Hassan is not represented in picture

Voon Seng Chuan

49, Independent Non-Executive Director

Voon Seng Chuan was appointed to the Board on 24 October 2000. Since 1983, Voon has served with IBM Malaysia in various capacities starting with his first appointment as Marketing Representative. In January 2000, he became General Manager of IBM Malaysia. He was then appointed as Managing Director of IBM Malaysia until January 2007, after which he was appointed as the ASEAN & India/South Asia Project Executive. Voon holds a Bachelor of Science degree in Mathematics from Universiti Malaya.

Zaiton Mohd. Hassan, FCCA, MICPA

51, Independent Non-Executive Director

Zaiton Mohd. Hassan was appointed to the Board on 16 November 2001. She is a Member of MICPA (Malaysian Institute of Certified Public Accountants) and a Fellow Member of the Association of Chartered Certified Accountants (ACCA). She is the Managing Director of Capital Intelligence Advisors Sdn. Bhd., a company she set up upon her resignation as the President and Chief Executive Officer of Malaysian Rating Corporation Berhad (MARC) in 2004. Zaiton is also a Board Member of Malaysian Industrial Development Finance Berhad (MIDF), Credit Guarantee Corporation Malaysia Berhad, Bank Islam Malaysia Berhad, BIMB Holdings Berhad and the Companies Commission of Malaysia. She has since retired from office effective from 14 June 2007.

Dato' Wan Abdullah Mohamad, DPMT

67, Non-Independent Non-Executive Director

Dato' Wan Abdullah Mohamad was appointed to the Board on 27 December 1995. He began his career with the Terengganu State Agriculture Department. He later joined Rothmans of Pall Mall (M) Berhad as a pioneer and became their Leaf Advisor. From 1970 onwards, he served as Director of the Leaf Growing Scheme and Leaf Tobacco Development Corporation. In 1973, Dato' Wan Abdullah was promoted to Director, Rothmans of Pall Mall (Malaysia) Berhad. He assumed the position of Regional Leaf Director Asia-Pacific until his retirement in 1997. Dato' Wan Abdullah graduated from the College of Agriculture, Serdang (now known as Universiti Putra Malaysia) in 1962 with a Diploma in Agriculture.

All Board Members are Malaysian citizens. All the Board Members have no other relationship among themselves or with any of the substantial shareholders of the Company except for Fathil Ismail who has a kin relationship with Safiah Sulaiman Ismail, a substantial shareholder of the Company. All Board Members do not have any conflict of interest with the Company as well as were never convicted for any offences other than traffic offences within the past 10 years. Other than the Director positions held by Zaiton Mohd. Hassan and Abdul Talib Baba in other public companies as stated in their respective profiles, all of the Directors do not hold any directorship positions in any public companies other than Mesiniaga Berhad.

Details of the Directors' membership in the Board Committees are listed in the Corporate Information on pages 18 to 19.



SENIOR MANAGEMENT TEAM

from left:

Mohd Puzi Ahamad, RA (M), FCCA
Chief Financial Officer

Wan Mohamed Fusil
Executive Chairman

Fathil Ismail
Managing Director

Refer to profile on Board of Directors' page

Noorizan Ali

Director of Maintenance & Managed Services (MMS)

Noorizan Ali was appointed as Director in 2002. Prior to becoming Director, Noorizan has served the company in various capacities throughout his 26-year career. Noorizan started his IT career as a Customer Engineer with IBM Malaysia in 1979. He then joined us in 1982, continuing to serve as Customer Engineer. Six years later, he was made Field Manager and subsequently became Senior Services Manager in 1995. His position prior to becoming Director was General Manager-Technical Services Department, which he assumed in 1998. Noorizan brings vast experience and expertise to the company through his hands-on approach in managing customer support operations and customer satisfaction.

Yeow Daw Swee

Director of Solution Services and Technology (SST)

Yeow commenced his career with Mesiniaga in 1982 as a Product Support Representative. He was promoted to Advisory Systems Engineer in 1988. In 1989, he became the Technical Support Manager and subsequently, the Country Support Manager in 1993. He was appointed General Manager-Services in 1997, responsible for the Technical Support and Services Business unit. He was appointed Director-Marketing Services on 1 October 2000 where he was responsible for the solution units that eventually evolved into the Enterprise Solutions Division. With the recent organisational restructuring in the company, Yeow is now the Director of Solution Services and Technology and Director of Penang Operations. He has a total of 26 years in the IT Industry.

Wong Keng Hoe

Director of Project Management and Solutions Marketing (PMSM)

Wong Keng Hoe began his career in Mesiniaga in 1990 when he was appointed as Information Systems Trainee. In his 18-year career, Wong proved his mettle by rising up the ranks to various managerial positions. He became a manager for the Network Services Unit in 1996 and was subsequently made Senior Manager in the year 2000. Wong took on the post of General Manager of Network Services & Project Management in 2002. After the company's recent organisational restructure, he was named as the General Manager of Infrastructure, Systems & Applications (ISA). Effective from February 2008, Wong became the Director of Project Management and Solutions Marketing. Wong graduated with a Bachelor in Computer Science from Universiti Sains Malaysia (USM).



from left:

Wong Keng Hoe

Director of Project Management and Solutions Marketing

Noorizan Ali

Director of Maintenance & Managed Services

Yeow Daw Swee

Director of Solution Services and Technology

CORPORATE PROFILE

From the very beginning, the company was imbued with the pioneering spirit of the founding team, who formed Mesiniaga as an innovative response to Malaysia's New Economic Policy (NEP) in 1981. This, together with a passion for quality and integrity has entrenched Mesiniaga's presence in the IT industry for the last 26 years. Today Mesiniaga is a company that boasts numerous achievements and accolades. Some of the historic achievements included being the first IT company to be listed on the main board of KLSE (now known as Bursa Securities), establishing the Mesiniaga/Microsoft Business Productivity Centre – the first of its kind in Malaysia and being named the PIKOM National ICT Service Provider of the Year for 2006.

However, Mesiniaga is not content to rest on its laurels of past glory. The company realises that in order to retain a strong presence and fuel further growth, it needs to harness the selfsame pioneering spirit of the early years and embark on a journey

of transformation. This transformation will see Mesiniaga turn into a company that will embrace its customers' goals and objectives which in turn will enable it to increase its value proposition to customers. The company aims to employ several core strategies that are intended to translate its goals into reality.

Aligning for success

In fulfilling the company's vision to be regarded as 'The Malaysian IT Partner of Choice', Mesiniaga aims to build a sustainable and mutually profitable relationship with both its technology partners and customers. It works towards achieving congruent goals and objectives with its customers in order to achieve a win-win situation. Customers who choose Mesiniaga are ensured of gaining a business partner who is as committed as they are in meeting their business targets. In doing this, Mesiniaga works closely with several established global technology

TODAY MESINIAGA IS A COMPANY THAT BOASTS NUMEROUS ACHIEVEMENTS AND ACCOLADES. SOME OF THE HISTORIC ACHIEVEMENTS INCLUDED BEING THE FIRST IT COMPANY TO BE LISTED ON THE MAIN BOARD OF KLSE (NOW KNOWN AS BURSA SECURITIES), ESTABLISHING THE MESINIAGA/MICROSOFT BUSINESS PRODUCTIVITY CENTRE – THE FIRST OF ITS KIND IN MALAYSIA AND BEING NAMED THE PIKOM NATIONAL ICT SERVICE PROVIDER OF THE YEAR FOR 2006.




 A person in a business suit is seated at a glass table outdoors. They are holding a white document or folder. On the table, there is a white coffee cup on a saucer and some papers with yellow highlights. The background is filled with green plants and a metal railing.

AIMS TO BUILD A

SUSTAINABLE AND MUTUALLY PROFITABLE RELATIONSHIP

partners to deliver the best value to its customers. Technology vendors such as IBM, Microsoft, Cisco, Juniper, Trend Micro, Symantec and many others have acknowledged Mesiniaga's contribution to their business by honouring it with various awards such as the Cisco Gold Partner Status, IBM Platinum Club Awards and the Microsoft Large Account Reseller of the Year Award, to name a few. Mesiniaga intends to leverage on these existing partnerships and provide its customers with relevant technologies that will address their business needs.

Developing human capital

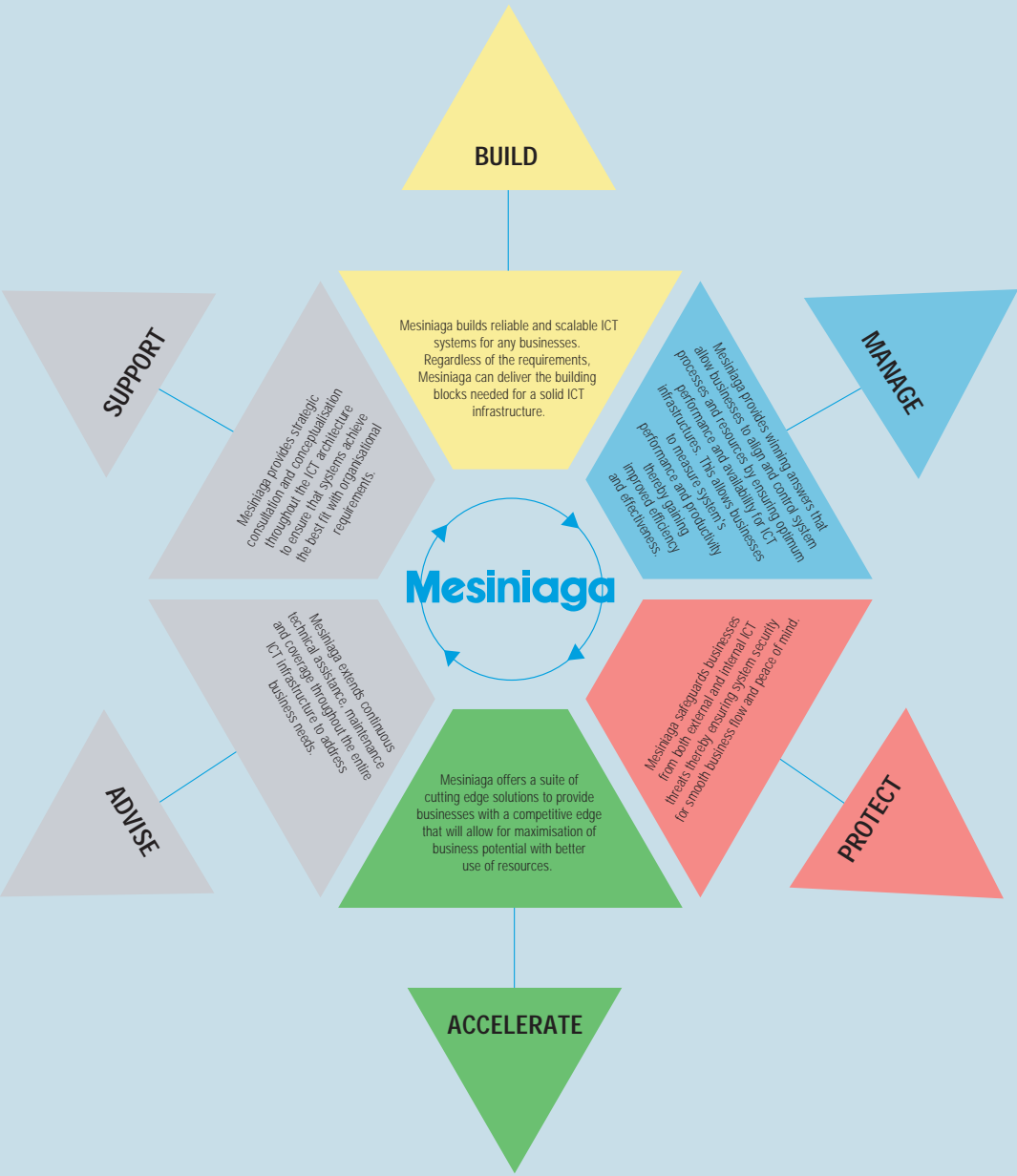
Mesiniaga continuously expends efforts in developing and retaining its current pool of rich and diverse talents. The company invests heavily in comprehensive training programs for its employees aimed at empowering them with skills and capabilities to advance in their chosen career paths. Apart from that, it actively encourages its employees to pursue professional certifications. Currently, many Mesiniaga employees possess industry-recognised professional certifications, which acknowledge them as highly skilled specialists in their respective areas. This plays a large role in increasing the value of solutions and resources provided to customers as they will be assured of industry-certified quality. In addition to technical expertise, Mesiniaga is also developing industry expertise in its people to

achieve greater understanding of customers' business environments and ensure the relevancy of Mesiniaga's solutions.

Enhancing corporate responsibility

Mesiniaga engages in good corporate responsibility (CR) practices as the company believes that it is an integral factor in the success of a company's business operations and corporate reputation. Since the company's establishment, it has implemented various initiatives that fall under the present CR framework focus areas such as the environment, community, workplace and marketplace. While the basic precepts of CR are not new to Mesiniaga, the company is now enhancing its CR programs to ensure that they are sustainable and provide a lasting impact on the community. The company's current CR focus is in the area of education. One of the initiatives is the Mesiniaga Work-based Learning Program that provides community college students with work-based learning as part of their diploma coursework. Another initiative is to support Protect and Save the Children, an NGO that works towards the prevention of child sexual abuse. Mesiniaga's ultimate aim is to empower and nurture youths through relevant skills development and educational programs to participate in a knowledge-based economy.

DELIVERING BUSINESS SOLUTIONS OF
GREATEST ADDED VALUE

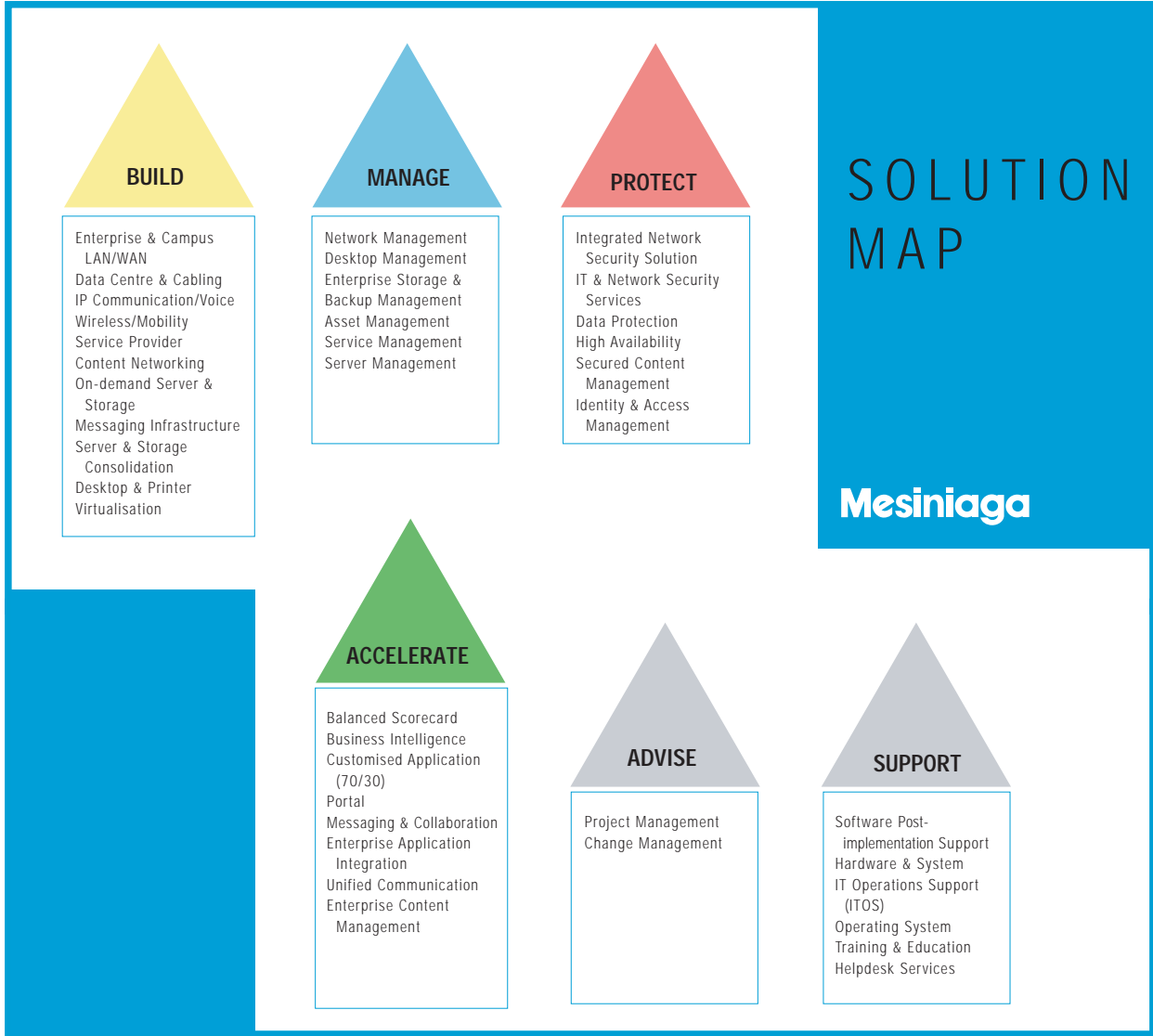


Mesiniaga Solutions Map

Delivering value solutions

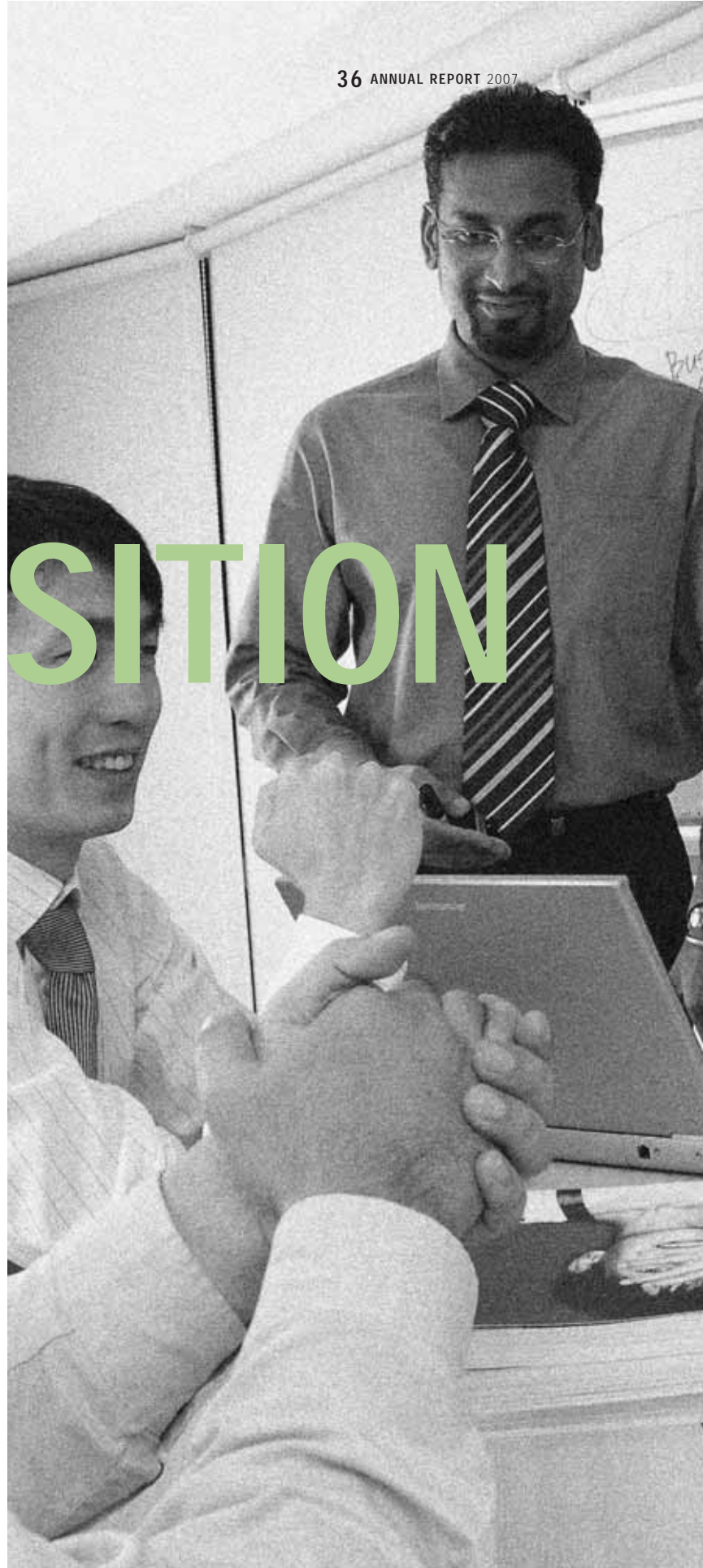
Mesiniaga realises that technology is merely a tool that is utilised to achieve a business need. Mesiniaga's role as a business partner is to deliver solutions that are meant to empower its customers with enhanced productivity, competitive edge and ultimately profitability. The company intends to increase its value proposition by understanding the main profit drivers of its customers and anticipating their future needs. Business solutions offered by Mesiniaga are meant to garner the best possible returns on any IT investments made.

The Mesiniaga Solutions Map represents the company's offerings in six core groups based on how they empower businesses. The components are Build, Manage, Protect, Accelerate, Advise and Support.



VALUE PROPOSITION

MESINIAGA'S VALUE PROPOSITION LIES IN THE UNDERSTANDING THAT TECHNOLOGY IS MERELY A TOOL UTILISED TO ACHIEVE CUSTOMERS' BUSINESS OBJECTIVES. BLENDING OUR RICH POOL OF EXPERTISE AND TALENTS WITH TECHNOLOGY, WE DELIVER SOLUTIONS THAT WILL PROVIDE THE MOST BENEFITS TO OUR CUSTOMERS.





WE DELIVER

**SOLUTIONS THAT WILL
PROVIDE THE MOST
BENEFITS TO OUR
CUSTOMERS.**

AWARDS AND ACHIEVEMENTS

OUR COMMITMENT TO CUSTOMER SATISFACTION
WAS REWARDED WITH THE

CISCO CUSTOMER SATISFACTION EXCELLENCE RECOGNITION

MESINIAGA CONTINUES TO BRING VALUE TO OUR TECHNOLOGY PARTNERS BY CONTRIBUTING TO THEIR BUSINESS PERFORMANCE AND THIS WAS PROVEN WHEN WE WON A NUMBER OF TOP SALES AWARDS FROM RENOWNED TECHNOLOGY VENDORS. THE COMPANY'S COMMITMENT TO CUSTOMER SATISFACTION WAS ALSO REWARDED WHEN WE RECEIVED THE CUSTOMER SATISFACTION EXCELLENCE RECOGNITION FROM ONE OF OUR VALUED PARTNERS.

1. Commitment to customer satisfaction pays off!

Our commitment to customer satisfaction paid off when we were accorded the Cisco Customer Satisfaction Excellence recognition, the highest distinction a partner can achieve within the Cisco Channel Partner Program. Mesiniaga is acknowledged as having achieved outstanding customer satisfaction based on Cisco's worldwide assessment process.

2. Bagging the IBM Platinum Club Award for the sixth time!

In January 2007, we received the IBM Platinum Club Award for 2006 during the IBM Business Partner Kick Off & Awards Night held at the Sime Darby Convention Centre. The IBM Platinum Club Award is given to IBM Distributors who has performed and contributed significantly to the IBM business. This is the sixth time in a row that Mesiniaga was awarded this top award.





3. Named Microsoft's Large Account Reseller of the Year!

We were proud to receive the Large Account Reseller (LAR) of the Year Award from Microsoft during the Microsoft Partner Award Night 2007 held at the Sheraton Subang Hotel and Towers. The selection criteria for LAR of the Year were based on five areas - Total Revenue Growth, Total Annuity License Growth, New Customer Annuity License Growth, Annuity License Mix and Total Revenue Contribution.

4. Two top sales awards from Cisco!

We won two prestigious awards from Cisco during their Partner Appreciation Night held at Westin Hotel. The two top awards were the Top Cisco Systems Integrator Partner Award and Top Services Sales Award. The awards were given based on our outstanding achievement as the highest revenue contributor to Cisco as well as for the highest contribution towards Cisco services sales in 2007.

5. ACA Pacific honoured Mesiniaga with two top awards!

We were proud to receive two Technology Partner Recognition awards from ACA Pacific during the Channels Appreciation Night held at Mystique, The Curve. The first award was in recognition for our outstanding success in offering Security & Networking solutions to Malaysian enterprises. The second was for Top Performance, in recognition for our outstanding success in Overall Sales from January to June 2007.

6. One of Samsung's Top 20 Achievers!

We were one of the Top 20 Achievers for Samsung Commercial Printer Sales. The award was given out during the Samsung Partner Award Night in Nikko Hotel.

EVENT HIGHLIGHTS

Majlis Pelancaran E-PEMBELAJARAN SEKTOR AWAM (EPSA)

oleh:

Y. BHG. TAN SRI ISMAIL ADAM

KETUA PENGARAH PERKHIDMATAN AWAM, MALAYSIA

pada:

9 Julai 2007

di:

Dewan Bankuet, INTAN BUKIT KIARA



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CORPORATE EVENTS



1

1. 25th Annual General Meeting

The company's 25th Annual General Meeting (AGM) was held at Auditorium Ismail Sulaiman, Menara Mesiniaga. All members of the board were present during the AGM. The AGM proceeded smoothly and was followed by a delicious high tea buffet.

2. Collaboration with Ministry of Higher Education (MoHE)

We signed a Memorandum of Understanding (MoU) with MoHE, specifically the Department of Polytechnic and Community College Education for the purpose of cooperating in the areas of education and training. This took the form of a Work-based Learning (WBL) Program for Community College students undergoing a Diploma in Computer Technology program.



2

3. Successful launch of E-pembelajaran Sektor Awam (EPSA)

EPSA, spearheaded by Institut Tadbiran Awam Negara (INTAN), is the Malaysian Public Sector learning portal and is the first ever e-learning package for civil servants with the objective to make quality training easily available to all its personnel. Mesiniaga was instrumental in building the infrastructure and developing the e-learning modules content for the initiative. The launch was officiated by the Director General of Public Service Malaysia, Tan Sri Ismail Adam.

3



4. New office premises at UEP Industrial Park

Our Maintenance & Managed Services Division and warehouse was relocated to new premises in UEP Industrial Park, USJ. Apart from providing a larger storage area that can cater to the expanding need of the Mesiniaga warehouse, it also houses our upgraded staging facilities enabling us to serve our customers better.

5. First IABC Breakfast Forum held in Menara Mesiniaga

The International Association of Business Communicators (IABC) Breakfast Forum was held in Menara Mesiniaga for the first time. IABC is a global network of communicators from diverse industries and disciplines with presence in 70 countries. The forum featured two speakers, Sharifah Rozita, Advisor to Fonterra Brands Malaysia and Nik Anis Nik Zakaria, Mesiniaga Corporate Communications Manager who both spoke on Strategic Communications Planning.

6. Mesiniaga's WBL Program endorsed by the DG of Polytechnic and Community College Education

We were honoured to receive a visit from the Director General (DG) of Polytechnic and Community College Education, YBhg. Dato' Haji Imran bin Idris. YBhg Dato' Haji Imran was in Mesiniaga to observe the Mesiniaga Work-based Learning (WBL) Program for Community College students. We were highly gratified to learn that the DG was impressed with the Mesiniaga WBL Program. It is now held as a benchmark for other companies who are also providing similar programs.

7. Visit from Monmouth College students

We played host to 20 students from Monmouth College, Illinois, USA who came for an educational visit to learn about Malaysia and its corporate landscape. Mesiniaga was included in their itinerary as Menara Mesiniaga was the recipient of the prestigious Aga Khan Award for Architecture in the Sixth Award Cycle (1993-1995).

8. Networking and knowledge sharing amongst HR practitioners in IT companies

We initiated a HR ICT Networking & Knowledge Sharing Conference involving HR practitioners from various IT companies such as HP, Sapura Technology, HeiTech Padu, Patimas Computers, Microsoft, Exactsoftware Malaysia, CSA Malaysia and IBM Malaysia. The objective is to encourage an exchange of information and ideas on HR matters amongst established IT companies in Malaysia.

EVENT HIGHLIGHTS



1 MARKETING EVENTS



2

1. Cisco Networkers Solution Forum offers expert views on migration considerations

We participated in the Cisco Networkers Solutions Forum, an annual user conference that is considered the most important conference within the network industry. The event, held in Sunway Pyramid Convention Centre, provided attendees with the opportunity to hear views from various Cisco experts on Migration Considerations, Cisco NAC Appliance Deployment as well as Data Centre Consolidation and Migration.

2. First ever Solutions Fair a success with customers!

The first ever Mesiniaga Solutions Fair 2007 was held at the Sunway Lagoon Resort Hotel. The theme 'Let Mesiniaga Care for Your Organisation' reflected how we care for our customers by providing relevant solutions for their businesses. This whole-day event showcased Mesiniaga's core solutions - as well as talks on both technical and business topics. The event kicked-off with a forum entitled *IT as an Enabler towards Achieving Business Goals* and ended with a Bowling Tournament for Mesiniaga customers and partners.



3

3. MyPortal® solution showcased during Lotusphere Comes to You 2007 Exhibition

We participated in the Lotusphere Comes to You event organised by IBM held in Sheraton Subang Hotel & Towers. Our customers received updates on the latest technologies from Lotus Software and the Lotus Strategy and Roadmap for 2007 as well as obtain information on Lotus Mobile and Real Time strategy. We demonstrated the myPortal® solution where users can experience a new way in accessing company information and applications through a common user interface.



4

4. LOVE Booth proved very popular among visitors

Our solutions booth at the Microsoft Business Value Launch of Office, Vista and Exchange (LOVE) 2007 event held at the KLCC Convention Centre showcased our Business Intelligence solution that utilises new features and functionalities from Microsoft technologies. Visitors to the Mesiniaga booth also enjoyed themselves playing games and receiving token gifts during the Spin the Wheel Contest, Happy Hours and Lucky Dip.



5

5. Business Intelligence solution shown at the 11th ASEAN Oil, Gas & Petrochemical and Engineering Exhibition

As a member of the Malaysian Oil & Gas Services Council (MOGSC), we were invited to participate in the 11th ASEAN Oil, Gas & Petrochemical and Engineering Exhibition held at Kuala Lumpur Convention Centre to showcase our Business Intelligence solution. The event was held to create greater collaboration and trigger rapid economic development across the ASEAN region. It attracted more than 10,000 participants from 45 countries.

EVENT HIGHLIGHTS



4 EMPLOYEE EVENTS

1. Employee contributions recognised through CEO Diamond Club

The CEO Diamond Club is a quarterly employee recognition exercise that is meant to be an avenue for celebrating employees' successes. Employees are recognised based on contribution in areas that enhance the company's business, image, customer satisfaction and employee satisfaction. Employees were treated to a dinner where a token of appreciation was presented by the CEO to deserving employees.

2. Employees coloured up their lives during the Year-Start Kick Off

The Year Start Kick Off was held in Concorde Hotel Shah Alam with the theme Colours of the Rainbow. The theme reflected the many colourful personalities in the company who work cohesively as one single team similar to the colours of the rainbow that can blend together and form the colour white. The event started with a speech from the CEO, followed by a business update from the Sales Director. There were also performances by employees and the presentation of the Hundred Percent Club and Long Service Awards.

3. Mutiara Mesiniaga Mid Year Kick Off was a lively affair!

Employees experienced a very lively Mid Year Kick Off, especially in Penang, where the event was held in the evening to accommodate employees who are based at customers' offices. After a speech by the CEO and the half-year business update by the Sales Director, there was an awards presentation ceremony for Long Service and Employees' Children Academic Achievement. The Penang employees also held a surprise birthday celebration for the CEO.

4. Bring Your Kids to Work Day a huge success in Mesiniaga

History was created when a Bring Your Kids to Work Day was organised for the first time. Organised as part of Mesiniaga's special 25th anniversary activities, it aimed to provide children with early exposure to the work environment so that it can positively impact their career aspirations. 82 children were treated to a range of activities such as a tour of Mesiniaga where they learnt about their parents' important roles in the company, a colouring competition and a meet and greet session with the CEO. Included also was a personal safety skills workshop by Protect & Save the Children.



5. HIV Awareness Talk provide awareness on HIV prevention

The HIV Awareness Talk was jointly organised with Standard Chartered Bank under the Mesiniaga Care Program. The Mesiniaga Care Program aims to provide education and knowledge that are relevant to Mesiniaga employees. The talk is meant to provide relevant information and useful knowledge in preventing further spread of HIV/AIDS. Audience was educated on HIV transmission and its personal risk implications. They were also taught the different ways of protecting themselves against HIV infection.

6. Health Awareness Campaign to promote healthier lifestyle

The Mesiniaga Health Awareness Campaign was organised with ING Insurance under the Mesiniaga Care Program. The objective of the campaign was to promote a healthier lifestyle to employees and improve their quality of life. The campaign was a one-day event and employees had the opportunity to undergo blood and eye-screening tests. Talks on health matters were also given by subject-matter experts.

7. BBQ Gathering for Northern Region staff

Penang employees organised a barbeque gathering for the northern region staff at the Sri Pantai Motel, Tg. Tokong. The event was meant to inculcate a sense of belonging to the company as well as strengthen ties and cooperation. Employees had a good time at the beach together with their families while enjoying delicious food and playing fun games!