

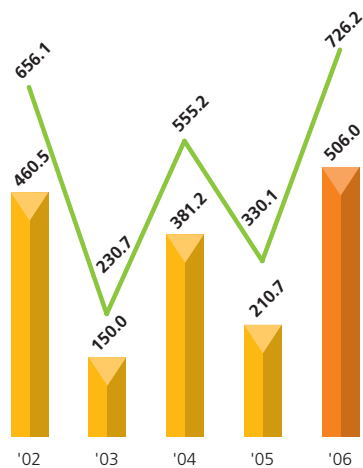
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# Five year Financial

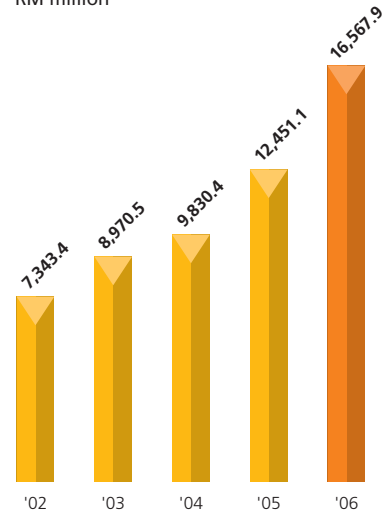
## Profit

RM million



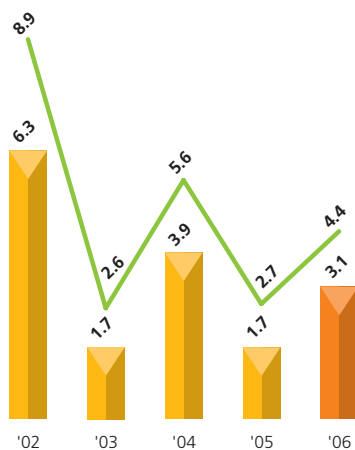
## Revenue

RM million



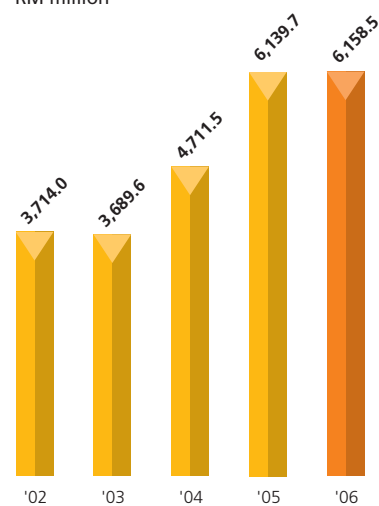
## Profit as % of Revenue

Percent



## Total Assets

RM million

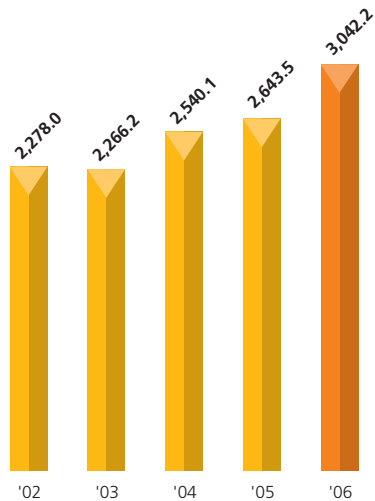


— Profit Before Tax      ■ Profit After Tax

# Highlights

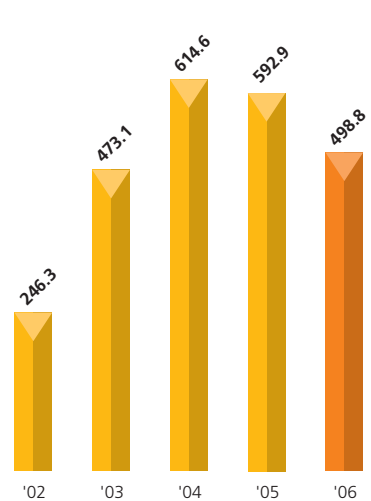
## Shareholders' Funds

RM million



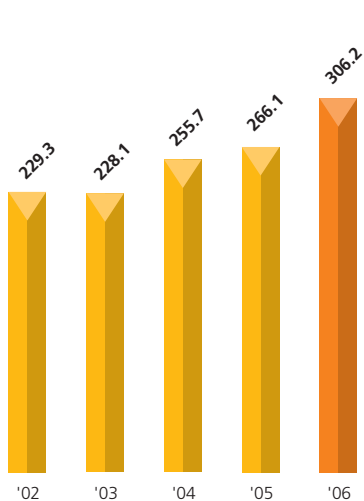
## Capital Expenditure

RM million



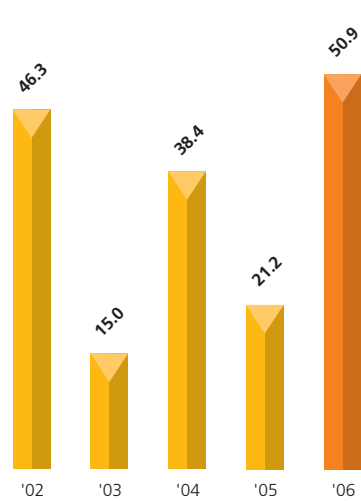
## Net Assets per share

Sen



## Earnings per share

Sen



The Net Assets per share and Earnings per share for the comparative periods are based on the enlarged share capital restated for the effect of the bonus issue in the financial year 2005.



A photograph of an airplane window looking out at another aircraft on a tarmac. The window is oval-shaped with a white frame. Outside, the tail of a white aircraft with a red and blue logo is visible. The background shows a cloudy sky and airport infrastructure. A yellow vertical bar is on the right side of the image.

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# Financial Calendar

2004/2005 Final Dividend Paid	<b>9 September 2005</b>
First Quarter Results	<b>30 August 2005</b>
Second Quarter Results	<b>23 November 2005</b>
2005/2006 Interim Dividend Paid	<b>23 December 2005</b>
Third Quarter Results	<b>27 February 2006</b>
Financial Year End	<b>31 March 2006</b>
Fourth Quarter and Financial Year Results	<b>25 May 2006</b>
Issue of 2006 Annual Report	<b>30 June 2006</b>
Twenty-Fourth Annual General Meeting	<b>27 July 2006</b>
Proposed Date for Payment of 2005/2006 Final Dividend	<b>8 September 2006</b>

## DIRECTORS

Datuk Anuar bin Ahmad (Chairman)  
Ibrahim bin Marsidi  
Dato' Chew Kong Seng  
Dr. R. Thillainathan  
Dato' Kamaruddin bin Mohd Jamal  
Datuk Ainon Marziah bt Wahi  
Mohammad Medan bin Abdullah

## BOARD AUDIT COMMITTEE

Dato' Chew Kong Seng (Chairman)  
Dr. R. Thillainathan  
Dato' Kamaruddin bin Mohd Jamal  
Mohammad Medan bin Abdullah

## COMPANY SECRETARIES

Noor Lily Zuriati bt Abdullah  
Yeap Kok Leong

## 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 / 2721 2531

## REGISTERED ADDRESS

Tower 1  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel : (03) 2051 5000  
Fax : (03) 2026 5505

## BUSINESS ADDRESS

Level 30-33, Tower 1  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel : (03) 2051 5000  
Fax : (03) 2026 5505

## BANKERS

Bumiputra-Commerce Bank Berhad  
Malayan Banking Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Board

## AUDITORS

KPMG Desa Megat & Co.

## PRINCIPAL SOLICITORS

Zul Rafique & Partners



# BOARD OF





# Directors

Datuk Anuar bin Ahmad (Chairman)

Ibrahim bin Marsidi • Dato' Chew Kong Seng • Dr. R. Thillainathan • Dato' Kamaruddin bin Mohd Jamal

Datuk Ainon Marziah bt Wahi • Mohammad Medan bin Abdullah • Noor Lily Zuriati bt Abdullah (Company Secretary)

Yeap Kok Leong (Company Secretary)



# Profile of Directors

**Datuk Anuar bin Ahmad**, a Malaysian aged 52, is a Non-Independent Non-Executive Director. He was appointed as Chairman of PETRONAS Dagangan Berhad on 3 October 2005. He holds a Bachelor of Science Degree (Econs) from the London School of Economics & Political Science, University of London and had attended Harvard Business School's Advanced Management Programme (AMP), USA.

He joined PETRONAS in 1977 and is currently the Vice President, Oil Business, PETRONAS. Before his appointment to this position, he held various senior managerial positions in International Marketing Division, Corporate Planning Unit, PETRONAS Trading Corporation Sdn Bhd and PETRONAS Dagangan Berhad. He has been a member of PETRONAS' Management Committee since July 1998 and was appointed as a PETRONAS Board member in October 2002. He also sits on the Board of several other companies within the PETRONAS Group.

He was appointed to the Board on 20 May 1995 and attended three (3) Board meetings in this financial year.

**Ibrahim bin Marsidi**, a Malaysian aged 54, is the Managing Director and Chief Executive Officer of PETRONAS Dagangan Berhad. He holds a Bachelor of Econs. (Analytical) (Hons), University of Malaya. He joined PETRONAS in 1979 and since then has held various senior managerial positions in PETRONAS.

Prior to his appointment as Managing Director and Chief Executive Officer of the Company on 1 October 2002, he was the Senior Manager of Eastern Region and Northern Region, General Manager of LPG Business and Retail Business in PETRONAS Dagangan Berhad, and General Manager of Crude Oil Group, PETRONAS. He is also a Board member of other affiliated companies.

He has attended four (4) Board meetings in this financial year.

**Dato' Chew Kong Seng**, a Malaysian aged 68, is an Independent Non-Executive Director and the Chairman of the Board Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. His career started off as a tax officer in the United Kingdom with the Inland Revenue Department and Stoy Hayward & Co. from 1964 to 1970. He returned to Malaysia to join Turquand Young & Co. (now known as Ernst & Young) and was subsequently transferred to Sarawak office in 1973, first as Manager-in-Charge and later as Partner-in-Charge. He served as the Managing Partner of Ernst & Young for six years before he retired from professional practice in 1996. From May 1999 to June 2005, he was an executive director of Sarawak Enterprise Corporation Bhd.

His experience covers a wide variety of industries including those relating to banking and financial institutions, utilities, timber based, manufacturing, trading and advisory services to local and foreign investors. He is also an Independent Director and Audit Committee Chairman of four (4) public listed companies namely PETRONAS Dagangan Berhad, Industrial Concrete Products Berhad, AEON Co. (M) Bhd and PBA Holdings Berhad. He is an Audit Committee member of PETRONAS Gas Berhad. He also acts as an Independent Director in other public limited companies.

He was appointed to the Board on 25 March 1994 and attended four (4) Board meetings in this financial year.

**Dr. R. Thillainathan**, a Malaysian aged 61, is an Independent Non-Executive Director. He holds a Class 1 Honours in Bachelor of Arts (Economics), University of Malaya (1968) and obtained his Masters and PhD in Economics from the London School of Economics. He is also a Fellow of the Institute of Bankers, Malaysia.

He is currently the Executive Director and Chief Operating Officer for Genting Berhad, a public listed company. He is also on the Board of Bursa Malaysia Berhad. Dr. R. Thillainathan has extensive years of experience in finance and banking and is or has been actively involved in numerous professional and national bodies. He is also the Immediate Past President of the Malaysian Economic Association.

He was appointed to the Board on 24 March 1994 and attended four (4) Board meetings in this financial year.

**Dato' Kamaruddin bin Mohd Jamal**, a Malaysian aged 63, is an Independent Non-Executive Director. He had attended the British Royal Military College of Science and British Command and Staff College. He holds an MBA from the School of Business Management of the Cranfield Institute of Technology, United Kingdom. He had also attended the Advance Management Program at the IMD, Lousanne, Switzerland.

He was commissioned into the Malaysian Army in 1962 and left the service in 1974 after he had served in various command and staff positions for 12 years. He then joined Esso Production Malaysia Inc. in 1975 and held various management positions in both upstream and downstream sectors. He was an Assistant to the Chairman for two years before he was appointed HR Director for the Esso Companies in Malaysia on 1 January 1987. He remained in this position until he elected to retire in December 2001.

He was appointed to the Board on 1 March 2002 and attended four (4) Board meetings in this financial year.

**Datuk Ainon Marziah bt Wahi**, a Malaysian aged 55, is a Non-Independent Non-Executive Director. She holds a Bachelor of Arts (Hons) Anthropology & Sociology, University of Malaya and obtained her Master of Science (Industrial Relations) from University of Strathclyde, United Kingdom.

She joined PETRONAS in 1979 and is currently the Vice President, Human Resources Management Division, PETRONAS. Prior to assuming this position, she has held various senior positions in Human Resources Management Division, PETRONAS. She is also a Board member of several other companies within the PETRONAS Group.

She was appointed to the Board on 1 October 2002 and attended four (4) Board meetings in this financial year.

**Mohammad Medan bin Abdullah**, a Malaysian aged 48, is a Non-Independent Non-Executive Director. He holds a Bachelor of Laws from Universiti Malaya.

He joined PETRONAS in 1982 and is currently the Senior General Manager, Corporate Services Division, PETRONAS Carigali Sdn Bhd. Prior to assuming this position, he has held various senior positions in PETRONAS. He is also a Board member of other companies within the PETRONAS Group.

He was appointed to the Board on 20 February 2006 and attended one (1) Board meeting in this financial year.

*None of the Directors has:*  
*Any family relationship with any Director and/or major shareholder.*  
*Any conflict of interest with PETRONAS Dagangan Berhad.*  
*Any conviction for offences within the past 10 years other than traffic offences.*  
*(All of the Directors are members of Nomination and Remuneration Committee).*

# Management



FROM LEFT:

**Raja Abd Halim  
bin Raja Abd Razak**  
Senior Manager,  
Planning Department

**Ibrahim bin Marsidi**  
Managing Director /  
Chief Executive Officer

**Md Arif bin Mahmood**  
Senior General Manager,  
Retail Business Division



FROM LEFT:

**Fadzilan bin Mohd Daud**  
Senior Manager,  
Human Resource Management  
& Administration Services  
Department

**Baharin bin Raoh**  
General Manager,  
Lube Business Division

**Muhamad bin Hashim**  
Senior Manager,  
Brand Department



# Committee

FROM LEFT:

**Noor Lily Zuriati  
bt Abdullah**

Company Secretary /  
Senior Legal Counsel

**Mohd Ibrahimnuddin  
bin Mohd Yunus**

General Manager,  
LPG Business Division

**Azmi bin Yahaya**

General Manager,  
Finance Services Division



FROM LEFT:

**Ir. Yee Gim Kong**

Senior Manager,  
HSE & Risk Management  
Department

**Rahiman bin Hashim**

General Manager,  
Commercial Business  
Division

**Izuddin Husaini  
bin Mohd Yusoff**

General Manager,  
Supply & Distribution  
Division



# Performance Review

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# Chairman's Statement



On behalf of the Board of Directors, it is my pleasure to present the Annual Report of PETRONAS Dagangan Berhad (the Company) for the Financial Year ended 31 March 2006.

The Company delivered a commendable performance yet again during the year under review despite the challenging business environment. It recorded a 33% increase in revenue from RM12,451 million in the previous financial year to RM16,568 million due to higher sales volume and selling price. As a result, profit before tax increased to RM726 million from RM330 million. After providing for taxation, the net profit came to RM506 million, a new record for the Company. Earnings per share increased to 50.9 sen from 21.2 sen last year.

The Board of Directors is recommending a final dividend of 15 sen less 28% tax per share. Together with the interim dividend of 5 sen less 28% tax per share paid on 23 December 2005, the total dividend for the Financial Year amounts to 20 sen less 28% tax per share.

Despite the intense competition, the Company successfully maintained its position as the largest petroleum products marketer in the country, improving its market share estimated at 41% from 40% last year. Moving forward, we aim to strengthen the Company's market position further.





The Company's profit before tax increased to RM726 million from RM330 million. After providing for taxation, the net profit came to RM506 million, a new record for the Company.



In the retail business sector, the Company managed to maintain its market share of 30%. A total of 56 new stations were brought into operation during the year, increasing the total number of stations in operation to 785 as at 31 March 2006. The company scored another first in the industry with the introduction of a "Street Mall" concept at its latest hyperstation in Jalan Kolam Ayer Lama, Ampang Jaya. This latest hyperstation offers a wider range of products and services as well as added convenience for our customers. Prior to this, we were the first in the country to introduce the pay-at-pump facility for chip-based credit cards and also the first oil company to launch a hyperstation in Setiawangsa in 2003. During the year, the Company also launched its "Smartpay Diesel Subsidy" card which allows eligible customers to purchase government subsidised diesel at any PETRONAS service stations nationwide.

In the commercial business segment, the Company maintained its dominance and increased its market share to 61%, up from 58.7% in the last financial year. In addition to having the largest market share for jet fuel and commercial diesel, the Company is now also the largest bitumen marketer in the country.

In the LPG sector, the Company further strengthened its market leadership with a commendable growth during the year under review from 43.7% to 45%. Our cooking gas, Gas PETRONAS, is easily available throughout the country via the extensive network of our channel members comprising 402 dealers and 20 stockists.

In the lubricant sector, the Company improved its market share further from 14% to 15.5% during the year. Together with our parent company PETRONAS, we continued to sponsor major events such as the PETRONAS Malaysian Formula 1 Grand Prix and PETRONAS Sprinta AAM Malaysian Cup Prix Championship, as well as motor sports teams, to create stronger brand positioning for its lubricants. To sustain our growth in the lubricant sector, we will continue to strengthen our presence by undertaking various branding initiatives, as well as providing excellent after-sales service.

To keep up with the pace of our business growth, the Company has also expanded its supply and logistics facilities to further improve its operational efficiency and effectiveness. The Terminal Automation System has been installed at Kerteh and Melaka depots. The Automated Road Tanker Scheduling system has been extended to improve delivery in the Northern states. We also commissioned a new LPG storage tank at our Prai Depot to receive supply of LPG via pipeline from PETRONAS' Trans Thai Malaysia project.

In line with Malaysia's projected economic growth and the promising prospect of greater demand for petroleum products, the Company will continue with its expansion program to strengthen its position and sustain growth.

The Company remains committed to ensuring that the highest possible standards of Health, Safety and Environment (HSE) management practices are applied throughout the organisation. In this regard, we have conducted various HSE exercises, drills, seminars and educational programmes during the year as part of our ongoing HSE improvement programme. We also ensured that all our business activities were conducted in strict compliance to the stipulated HSE standards.

We are well aware that the development of human capital is an important element towards becoming the leading and trusted retailer in the country. Our priority is to continue upgrading staff competencies and capabilities, as well as nurturing future leaders to ensure sustainable growth. As such, the Company will continue to invest in development and training programmes to further enhance the skills and expertise of its employees.

To foster closer relationship with the local community in the areas that we operate in, we joined forces with our service station dealers to undertake various community programmes nationwide.

Our involvement in such programmes has helped create good rapport between the Company and local residents, which is consistent with our philosophy of sharing our success with the community.

In line with Malaysia's projected economic growth and the promising prospect of greater demand for petroleum products, the Company will continue with its expansion program to strengthen its position and sustain growth.

On behalf of the Board of Directors, I would like to thank all our customers and dealers for their continued patronage and loyalty to the Company. I would also like to extend our heartfelt appreciation to the Government of Malaysia and its relevant agencies for the continued support and guidance.

The Company's achievement would not have been possible without the contribution of its staff and Management. I would like to thank each and every one of them for their dedication and commitment. Finally, I would like to thank the Members of the Board of Directors for their advice, support and cooperation.



**Datuk Anuar bin Ahmad**

Chairman