




Moving Ahead

annual report 2008



As PETRONAS Dagangan Berhad continues on its journey which began 25 years ago, we aspire to be the 'Brand of 1st Choice' in the hearts and minds of our customers.

With the same energy and excitement of a child, we are constantly exploring new opportunities to sustain growth. By focusing on quality and innovation, we remain committed in taking our performance to greater heights.

Forging ahead together with the nation in overcoming new challenges and delivering sustainable value for all stakeholders.



PETRONAS Dagangan Berhad began its operations as a Domestic Marketing Department of PETRONAS in 1975 to principally undertake planning and market research activities for the Company.

- Bunkering facilities were set up in 1977 at Pasir Gudang Depot, Johor and aviation refuelling facilities at Bayan Lepas, Penang and Senai, Johor.
- In 1979, the first skid tank was



established in Kepong, followed by several others throughout the country.

The Company entered the LPG market in 1981 to stabilise the supply region. During the same year, the first Taman Tun Dr Ismail, Kuala Lumpur. incorporated PETRONAS Dagangan as its domestic marketing arm.

- PDSB ventured into the LPG business in Sabah and Sarawak in 1983.



- The Company entered the LPG of Liquefied Petroleum Gas (LPG) in the northern PETRONAS Service Station was introduced at
- A year later, on 5 August 1982, PETRONAS Sdn Bhd (PDSB), a private limited company

25 years &



In 1990, 'Primas' was introduced, making Malaysia the first country in the region to introduce unleaded gasoline, well ahead of Indonesia, the Philippines, Thailand and even Singapore.

- PDSB was converted into a public company on 21 August 1993, and on 8 March 1994, the Company was



offered for public listing on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange).

- *Kedai Serba Mudah*

was first introduced in March 1996 at



PETRONAS Service Station Subang Airport. followed by the launch of *Kedai Mesra* at Station Taman Sri Hartamas, Kuala Lumpur the first Syntium lubricant; Syntium API SJ,



This was then PETRONAS Service in August.

- In 1997, was launched.



A year later, in 1998, *Kad Mesra* with Celcom was introduced to mark the start of PETRONAS loyalty programme. In the same year, SmartPay card; PETRONAS fleet card was launched for corporate customers. • PDB achieved the No.1 market share position in 2001 and has remained so until today. In the same year, *Kad Mesra RealRewards* programme was launched.

- PRIMAX with friction was re-launched in 2002. • Malaysia's

'One Stop Centre' was launched in 2003 at In the same year, Syntium 3000 5W40 API SL



modifier, unleaded petrol campaign first hyperstation with the concept of PETRONAS Service Station Setiawangsa.

synthetic motor oil



was also launched. • In 2004, Syntium 5000 0W30 & 0W40, the first premium synthetic motor oil in Malaysia with API SM grade was launched. • PDB was the first to introduce the Pay-At-Pump facility for EMV chip-based credit cards at our service stations in 2005.



growing...



PETRONAS PRIMAX 3 Street Mall concept at PETRONAS Service Ampang, Selangor. the operator for



was launched in 2006. The first service station was also launched Station Jalan Kolam Ayer Lama,

- In the same year, PDB became PETRONAS Natural Gas for Vehicles

(NGV). SmartPay Diesel Subsidy Card was also introduced. • In 2007, LPG

Business Division and Commercial Business Division received the ISO 9001:2000 certification. • On January 2008, PETRONAS CIMB Mastercard and PETRONAS Maybankard Visa were launched.



26th Annual General Meeting

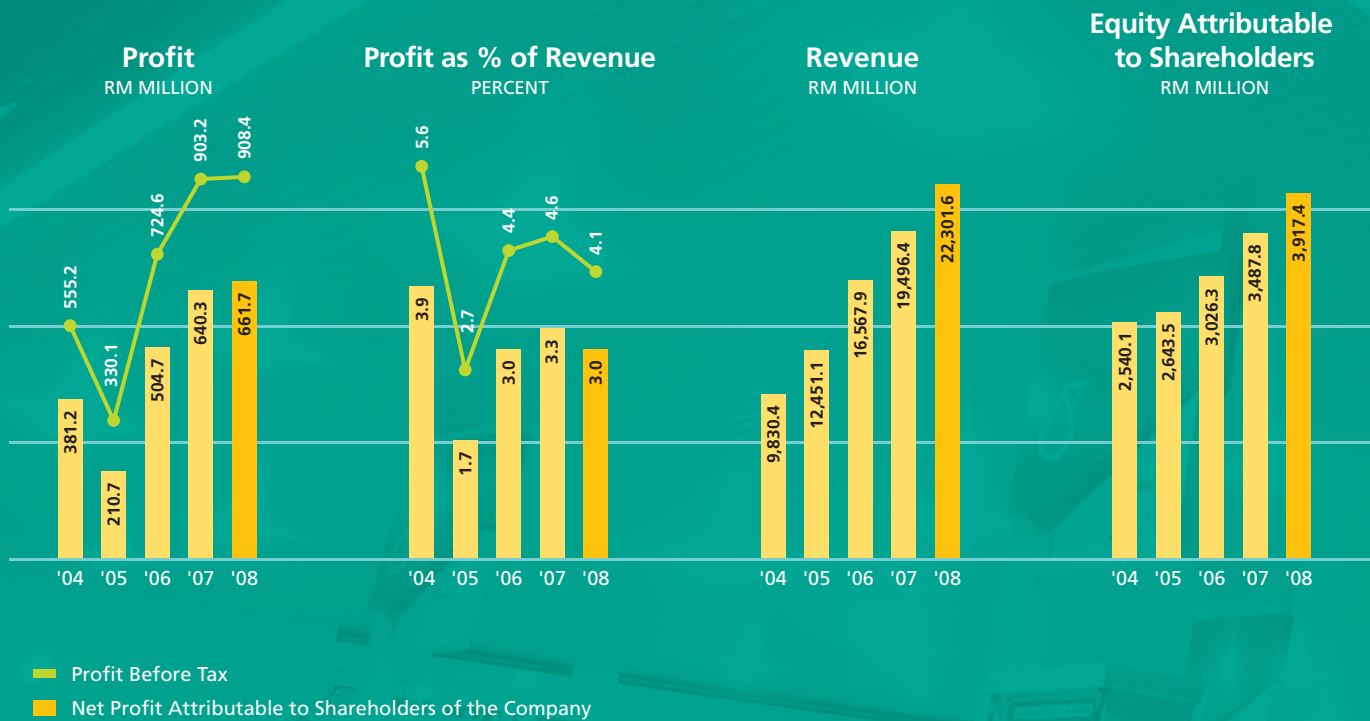
The Banquet Hall, Level 3,
Kuala Lumpur Convention Centre,
Kuala Lumpur City Centre,
50088 Kuala Lumpur on Thursday,
24 July 2008 at 10.00 a.m.



inside

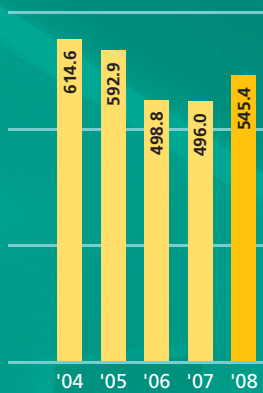
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financial

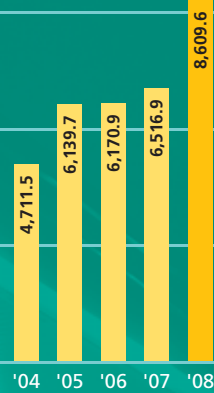


highlights

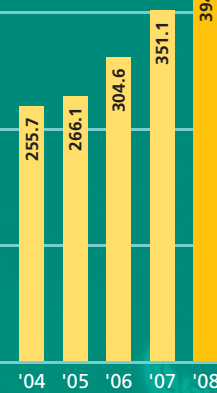
Capital Expenditure
RM MILLION



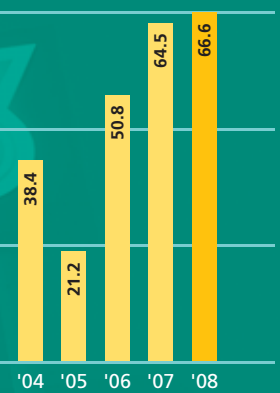
Total Assets
RM MILLION



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.



corporate profile

PETRONAS Dagangan Berhad (the Company) was incorporated in Malaysia under the Companies Act 1965 on 5 August 1982 and was converted to a public company on 21 August 1993. Shares of the Company were listed on the Main Board of Bursa Malaysia Securities Berhad on 8 March 1994.

The Company is the principal domestic marketing arm of Petroliaam Nasional Berhad (PETRONAS), the national oil company, which holds 69.86% of its equity. The Company markets a wide range of high quality petroleum products including motor gasoline, aviation fuel, kerosene, diesel, fuel oil, bunker fuel, lubricants, liquefied petroleum gas (LPG) and asphalt in Malaysia.

The market for petroleum products is highly competitive, with major multinational corporations competing for sales of fuels to consumers which include motorists, households, airlines, shipping lines, transporters, plantations, processing and manufacturing plants, power stations and commercial enterprises. The Company's products have enjoyed high market acceptance and customer confidence, as evidenced by its rapid sales growth over the years. The Company markets its products throughout the country, directly to customers as well as through its network of service stations, LPG dealers and industrial dealers. Its marketing activities are well supported by a comprehensive logistics and distribution system consisting of bulk depots, aviation depots, bunkering facilities and LPG bottling plants, all strategically located to ensure a reliable supply of products at all times.

The Company has a sophisticated Customer Service Centre, i.e. Mesralink, to ensure quality services to its customers.



PETRONAS PRIMAX 3 is the third generation fuel that contains SINAR G-05, a unique additive that has the capability to clean and boost engine performance; giving greater power and fuel efficiency. Fuelling with PETRONAS PRIMAX 3 will get you to your destination and also gives the power to go the distance.

Corporate Information

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The *balik kampung* exodus is part of Malaysian tradition especially during festive seasons. For individuals like Kamal, his *balik kampung* journey to his parents' home is not complete without making a stop at a PETRONAS Service Station. At the station, Kamal is able to refuel his car with PETRONAS PRIMAX 3 while his family enjoys a variety of food and beverages sold at the *Kedai Mesra* outlet.

Corporate Information

DIRECTORS

Datuk Anuar bin Ahmad (Chairman)
 Mohamad Sabarudin bin Mohamad Amin
 Dato' Chew Kong Seng
 Dato' 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)
 Dato' Dr. R. Thillainathan
 Dato' Kamaruddin bin Mohd Jamal
 Mohammad Medan bin Abdullah

COMPANY SECRETARIES

Ahmad Nabil bin Azizan
 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

CIMB Bank Berhad
 Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
 Main Board

AUDITORS

KPMG Desa Megat & Co.

WEBSITE

www.mymesra.com.my

CUSTOMER SERVICE CENTRE (MESRALINK)

Tel : 1-300-88-8181
 E-mail : mesralink@petronas.com.my





Financial Calendar

23 AUGUST 2007

Date of payment of the 2006/2007 final dividend

27 AUGUST 2007

Announcement of the consolidated results for the 1st quarter ended 30 June 2007

29 NOVEMBER 2007

Announcement of the consolidated results for the 2nd quarter ended 30 September 2007

28 DECEMBER 2007

Date of payment of the 2007/2008 interim dividend

26 FEBRUARY 2008

Announcement of the consolidated results for the 3rd quarter ended 31 December 2007

31 MARCH 2008

Date of financial year end

26 MAY 2008

Announcement of the consolidated results for the 4th quarter and financial year ended 31 March 2008

2 JULY 2008

Date of Notice of 26th Annual General Meeting and date of issuance of 2008 Annual Report

24 JULY 2008

Date of 26th Annual General Meeting

26 AUGUST 2008

Date of payment of the 2007/2008 final dividend



BOARD OF

Directors



SEATED, FROM LEFT:

Datuk Anuar bin Ahmad (Chairman)
Mohamad Sabarudin bin Mohamad Amin
Dato' Chew Kong Seng

STANDING, FROM LEFT:

Datuk Ainon Marziah bt Wahi
Mohammad Medan bin Abdullah
Dato' Dr. R. Thillainathan
Dato' Kamaruddin bin Mohd Jamal
Ahmad Nabil bin Azizan (Company Secretary)
Yeap Kok Leong (Company Secretary)

Profile of Directors



Datuk Anuar bin Ahmad, a Malaysian aged 54, 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 six (6) Board meetings during the period under review.



Mohamad Sabarudin bin Mohamad Amin, a Malaysian aged 52, is the Managing Director and Chief Executive Officer of PETRONAS Dagangan Berhad. He holds a B.A (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 16 November 2007, he was the Senior Manager (Southern Region) of PETRONAS Dagangan Berhad, General Manager (Commercial) of Malaysia LNG Sdn. Bhd, Senior General Manager of Crude Oil Group, PETRONAS and Managing Director/Chief Executive Officer of ASEAN Bintulu Fertilizer Sdn. Bhd. He is also a Board member of other affiliated companies.

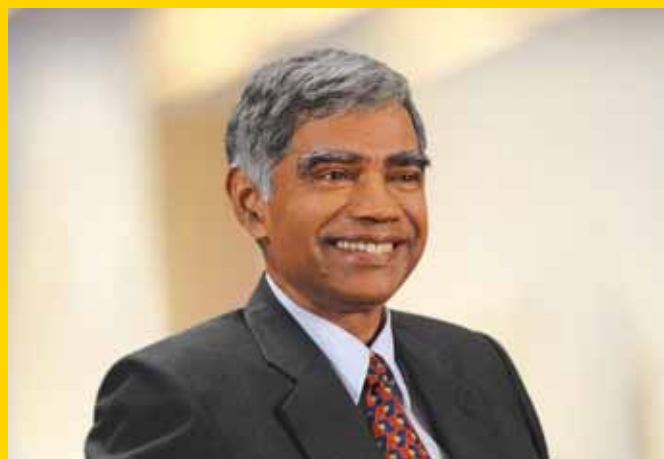
There were two (2) Board meetings from his appointment date to the end of the period under review and he had attended two (2) Board meetings.



Dato' Chew Kong Seng, a Malaysian aged 70, 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 and GuocoLand Malaysia 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 six (6) Board meetings during the period under review.



Dato' Dr. R. Thillainathan, a Malaysian aged 63, 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 sits on the boards of Bursa Malaysia Berhad, Genting Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd. He is also a member of the Board of Trustees of Child Information, Learning and Development Centre as well as Yayasan MEA. Dato' Dr. R. Thillainathan has extensive years of experience in finance and banking and is currently actively involved in numerous professional and national bodies. He is also the Past President of the Malaysian Economic Association.

He was appointed to the Board on 24 March 1994 and attended six (6) Board meetings during the period under review.

Profile of Directors



Dato' Kamaruddin bin Mohd Jamal, a Malaysian aged 65, 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, Lusanne, 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 six (6) Board meetings during the period under review.



Datuk Aion Marziah bt Wahi, a Malaysian aged 57, 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 six (6) Board meetings during the period under review.



Mohammad Medan bin Abdullah, a Malaysian aged 50, 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 Managing Director/Chief Executive Officer of Malaysia LNG Sdn Bhd, Malaysia LNG Dua Sdn Bhd and Malaysia LNG Tiga 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 five (5) Board meetings during the period under review.

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 ten (10) years other than traffic offences.

(All of the Directors are members of Nomination and Remuneration Committee).



Management Committee

SEATED, FROM LEFT:

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

Ir. Izuddin Husaini bin Mohd Yusoff
General Manager, Supply & Distribution Division

Abdul Majeed bin K. Kunheen
General Manager, Finance Services Division

Mohd Fadzan bin Abd Samad
Senior General Manager, Retail Business Division

Mohamad Sabarudin bin Mohamad Amin
Managing Director/Chief Executive Officer



STANDING, FROM LEFT:

Noor Afiza bt Mohd Yusof

General Manager, Commercial Business Division

Lee Ten Chai

Senior Manager, HSE & Risk Management Department

Sulaiman bin Daud

General Manager, LPG Business Division

Fadzilan bin Mohd Daud

General Manager, Human Resource Management & Administration Services Department

Mohd Shobri bin A. Bakar

General Manager, Lube Business Division

Muhamad bin Hashim

Senior Manager, Business Technology Department

M Khairuddin bin Ab Khalik

Senior Manager, Brand Department

Ahmad Nabil bin Azizan

Company Secretary / Senior Legal Counsel