



Strengthening Management Bases

盤石な経営基盤の確立

The New Consolidated Medium-term Management Plan was launched with the aim of enhancing corporate value. In order to adapt to the changing environment surrounding petroleum products, the New Consolidated Medium-term Management Plan was commenced in Fiscal 2005 with the aim of enhancing the corporate value of the Cosmo Oil Group.

✦ Consolidated Group Operating Income Target: 88 Billion yen

The Cosmo Oil Group which will be celebrating its 20th anniversary in 2006 considers 2005 a watershed year for measuring the total aggregate sales of the past 20 years, and for setting the benchmark for the coming 20 years in which we will strive to achieve exponential growth. Taking into account the need to adapt to the ever changing environment surrounding petroleum products, and we launched the New Consolidated Medium-term Management Plan with the goal of achieving further development.

Our development based management vision involves a major shift in strategy from one that focused on cost reduction to the one that puts more emphasis on maximizing revenues. Specifically, 2 major measures that will be undertaken to improve our oil profitability are the reinforcement of the competitiveness and financial strength of our refineries and service stations by making aggressive capital investments, and the expansion of our business domain by strengthening business areas peripheral to our petroleum business, namely, oil exploration/production and the petrochemical business.

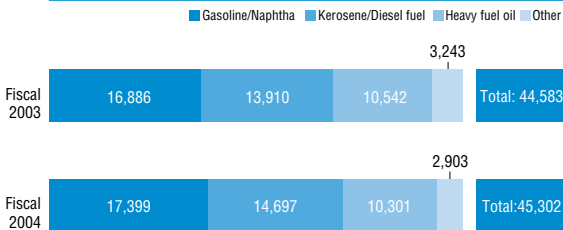
Consolidated Group Earnings Target/Indicator

Fiscal 2007 Earnings Target		Fiscal 2007 Financial Target	
Operating income	88 billion yen	Interest-bearing debt	428 billion yen
Ordinary income	82 billion yen	Shareholder's equity	320 billion yen
Net income	41.2 billion yen	Debt dependence ratio	32%
ROE	13.6%	Shareholder's equity ratio	24.1%

Financial Information

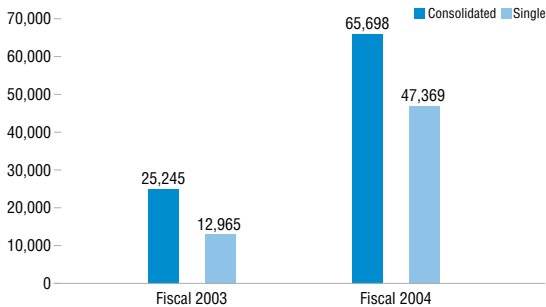
Sales Volume

Unit: 1,000 k-t



Operating Income Levels

Unit: Million yen
(Rounded down to the nearest million yen)

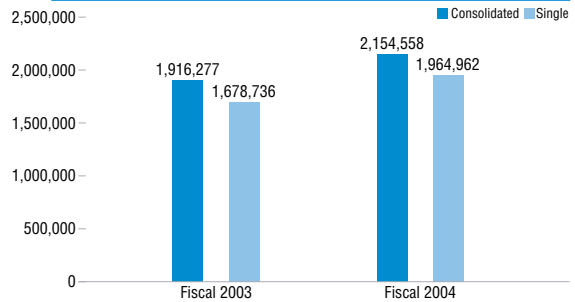


Unit: hundred-million yen

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Net sales	21,600	18,900	19,200
Operating income	710	770	880
Ordinary income	700	720	820
Net income	320	342	412
Total assets	13,171	13,500	13,300
Interest-bearing debts	4,662	4,480	4,280
Shareholder's equity	2,548	2,840	3,200
ROE	13.3%	12.7%	13.6%
ROA	2.4%	2.6%	3.1%
Debt dependence ratio	35%	33%	32%
Shareholder's equity ratio	19.3%	21.0%	24.1%

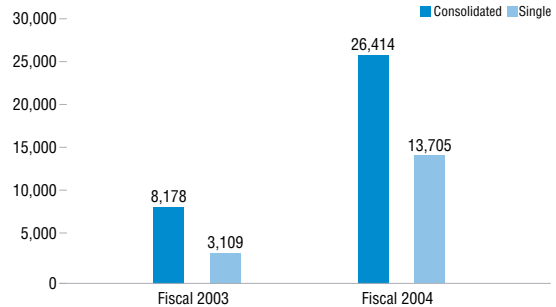
Net Sales Levels

Unit: Million yen
(Rounded down to the nearest million yen)



Net Income Levels

Unit: Million yen
(Rounded down to the nearest million yen)



External Evaluation of Environmental Management

FTSE4 Good Global Index

FTSE, a joint venture company between the Financial Times and the London Stock Exchange, publishes various stock indexes. In 2005, the Cosmo Oil Group was included in the FTSE4 Good Global Index, an international social responsibility investment stock price index, for the 3rd consecutive year.

Inclusion into SRI Funds

It is generally held that companies that are better at handling of environmental concerns could hold a competitive advantage and thus produce larger profits vis-a-vis investments. The Cosmo Oil Group is listed as one of Japan's environmentally competitive companies in various funds that invest in companies that present potential for development (an "Eco Excellent Company").

People's Voice



Kenichi Taki
Assistant General Manager
Accounting Department

While the Accounting Department does not come into direct contact with stakeholders outside of the company, we are in fact deeply involved in CSR. Our compliance program serves as the bedrock to our contributions to CSR. We ensure that the daily flow of money is in compliance with tax laws and accounting standards, identifying any issues and implementing risk management measures promptly as needed. For example, if a sharp rise in crude oil prices requires reevaluation of performance figures, we may recommend swift disclosure of such information, or we may give instructions to implement improvement measures to rectify inefficient business practices. Our catch phrase nowadays is "Just say NO!" regardless of company politics. We also offer seminars to management level company staffs who have decision-making authority. These seminars help promote greater understanding and implementation of compliance. Interestingly, the number of participants in these seminars willing to learn about the concept of compliance have been steadily increasing. We have seen a lot of enthusiasm from everyone. This is a time when I feel enhanced awareness throughout the company.

Kenichi Taki