

**The following is a translation summary of the official announcement given to the JASDAQ and the media in Tokyo, Japan.**

Summary Report of Consolidated Financial Results of Three Months (April – June, 2006)  
for the Fiscal Year 2006 (ending March 31, 2007)

August 9, 2006

Company Name: SPARX Asset Management Co., Ltd.  
Stock Code Number: 8739  
(URL <http://www.sparx.co.jp/>)  
Representative: Shuhei Abe  
President & Chief Executive Officer  
Contact: Kenzo Kosuda  
Executive Officer  
Tel: +81-3-5435-8200

Date of Board of Directors' Meeting (to finalize financial result): August 9, 2006

Adoption of US Accounting Standard: Yes /  No

**1. Consolidated Results for FY2006 (April 1, 2006 to June 30, 2006)**

(1) Consolidated Operating Results (Amount rounded down to million yen)

	Operating Revenue		Operating Profit		Ordinary Profit	
	Million yen	%	Million yen	%	Million yen	%
Jun. FY 2006	8,848	( 229.0)	4,281	( 380.9)	4,453	( 449.6)
Jun. FY 2005	2,689	( △9.8)	890	(△45.8)	810	(△50.7)
FY 2005	26,863		16,401		16,280	

	Net Income		Net Income per share	Net Income per share (fully diluted)	Return on stock holders equity (annual basis)	Ordinary Profit ratio of Total Capital	Ordinary Profit ratio of Operating Revenue
	Million yen	%	yen	yen	%	%	%
Jun. FY 2006	2,288	( 564.6)	1,158 38	1,103 00	5.2	6.9	50.3
Jun. FY 2005	344	(△61.4)	357 34	332 44	1.1	2.3	30.1
FY 2005	8,894		8,994 55	8,412 35	24.1	34.9	60.6

Notes:

- Profit/Loss from equity method investments:  
Jun. FY 2006: nil Jun. FY 2005: nil FY 2005: nil
- Average number of shares (consolidated)  
Jun. FY 2006: 1,975,728 shares Jun. FY 2005: 963,724 shares FY 2005: 968,554 shares
- Changes of Accounting Method: Yes /  No
- Percentage figures shown in the operating revenue, operating profit, ordinary profit, Net Income represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Shareholder's equity	Shareholder's equity / Total assets	Shareholder's equity per share
	Million yen	Million yen	%	yen
Jun. FY 2006	72,190	46,270	64.1	23,078 02
Jun. FY 2005	35,107	32,316	92.0	33,500 05
FY 2005	57,437	40,989	71.4	41,400 11

Note: Total outstanding shares as of the end of the quarter/fiscal year (consolidated)

Jun. FY 2006: 2,004,964 shares Jun. FY 2005: 964,663 shares FY 2005: 985,664 shares

(3) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 19  
Number of non-consolidated subsidiaries to which equity method is applicable: None  
Number of affiliated companies to which equity method is applicable: None

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(4) Changes in the scope of consolidation or application of equity method

Consolidated subsidiaries:

Newly included: 6

Newly excluded: None

Affiliated companies to which equity method is applicable

Newly included: None

Newly excluded: None

**2. Forecast of Results for the Fiscal Year ended March 31, 2007**

The business of this Company is largely susceptible to changes in market conditions and it is difficult to make a reliable forecast of operation results. Instead, a quarterly report of operation results is presented.

**3. Breakdown of Consolidated Operating Revenue**

Items	Period	Jun. FY 2006		Jun. FY 2005		FY 2005	
		Amount	Share	Amount	Share	Amount	Share
		Thousand yen	%	Thousand yen	%	Thousand yen	%
1. Fee income from investment trust business		2,053,564	23.2	763,770	28.4	6,999,065	26.1
Management fee income		(971,248)	(11.0)	(757,157)	(28.2)	(3,415,284)	(12.7)
Performance-based fee income		(1,082,316)	(12.2)	(6,612)	(0.2)	(3,583,780)	(13.4)
2. Fee income from investment advisory business		6,758,431	76.4	1,820,991	67.7	19,348,211	72.0
Management fee income		(3,167,509)	(35.8)	(1,598,315)	(59.4)	(9,167,395)	(34.1)
Performance-based fee income		(3,590,922)	(40.6)	(222,676)	(8.3)	(10,180,816)	(37.9)
Sub – total ( 1 + 2 )		8,811,995	99.6	2,584,761	96.1	26,347,276	98.1
Management fee income		(4,138,757)	(46.8)	(2,355,472)	(87.6)	(12,582,679)	(46.8)
Performance-based fee income		(4,673,238)	(52.8)	(229,288)	(8.5)	(13,764,596)	(51.3)
3. Other		37,002	0.4	104,588	3.9	516,612	1.9
Total Operating Revenue		8,848,998	100.0	2,689,350	100.0	26,863,889	100.0

Note: Figures in ( ) indicate the breakdown of the fee income in the above category.

**4. Net Management Fee Rate**

Period	Jun. FY 2006	Jun. FY 2005	FY 2005
SPARX Asset Management Co., Ltd.	<u>0.80%</u>	0.87%	0.81%
SPARX Group	<u>0.77%</u>	0.80%	0.76%

Note:

1. Net Management Fee Rate = (Management Fee – related commissions and charges and minority interests) ÷ average asset under management
2. Net Management Fee Rate of PMA Capital Management Limited (hereinafter “PMA”) is annualized based on the management fee that has been realized since acquisition of PMA stock.

**5. Asset Under Management**

The followings tables detail the month-end assets under management and the preliminary figures of SPARX Group (SPARX Asset Management Co., Ltd. (here in after “SPARX”), Cosmo Investment Management Co., Ltd. (here in after “Cosmo”), and PMA.

The portion of figures for Asset Under Management for June 2006 are left as preliminary.

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The following figures are the total AUM for each company regardless of SPARX's equity interest.

The minority interests of subsidiaries (SPARX Group) are as follows.

Company name	interest
Cosmo Investment Management Co., Ltd	51.9%
SPARX Value GP, LLC	70.0%

■ **By business entity**

( i ) **Monthly asset under management**

(Hundred million yen)

Company \ Month year	April 2006	May 2006	June 2006
SPARX	16,452	15,223	15,248
Cosmo	1,912	1,832	1,924
PMA	2,570	2,554	2,615
TOTAL	20,935	19,609	19,789

Note:

1. PMA's financial figures are on a pro-rate basis, following the completion of the acquisition on June 19.
2. The figures above-mentioned are market values, rounded off to a hundred million yen, and they include the amount assured by contracts.

( ii ) **Average asset under management**

(Hundred million yen)

Company \ Month year	Jun. FY 2006	Jun. FY 2005	FY 2005
SPARX	15,641	8,946	11,913
Cosmo	1,889	744	1,203
PMA	2,579	-	-
TOTAL	20,111	9,690	13,116

Note:

1. PMA's financial figures are on a pro-rate basis, following the completion of the acquisition on June 19.
2. The figures above-mentioned are market values, rounded off to a hundred million yen.

( iii ) **Asset under management for funds with performance-based fees**

(Hundred million yen)

Company \ Month year	Jun. FY 2006	Jun. FY 2005	FY 2005	
SPARX	Amount	7,127	5,172	7,503
	% within AUM total	46.7	55.5	46.7
Cosmo	Amount	1,589	630	1,373
	% within AUM total	82.6	80.4	80.3
PMA	Amount	2,615	-	-
	% within AUM total	100.0	-	-
TOTAL	Amount	11,333	5,803	8,876
	% within AUM total	57.3	57.5	49.9

Note: The figures above-mentioned are market values, rounded off to a hundred million yen, and they include the amount assured by contracts.