

SPARX Group Vision for 2010

Center for Asia Investment Intelligence

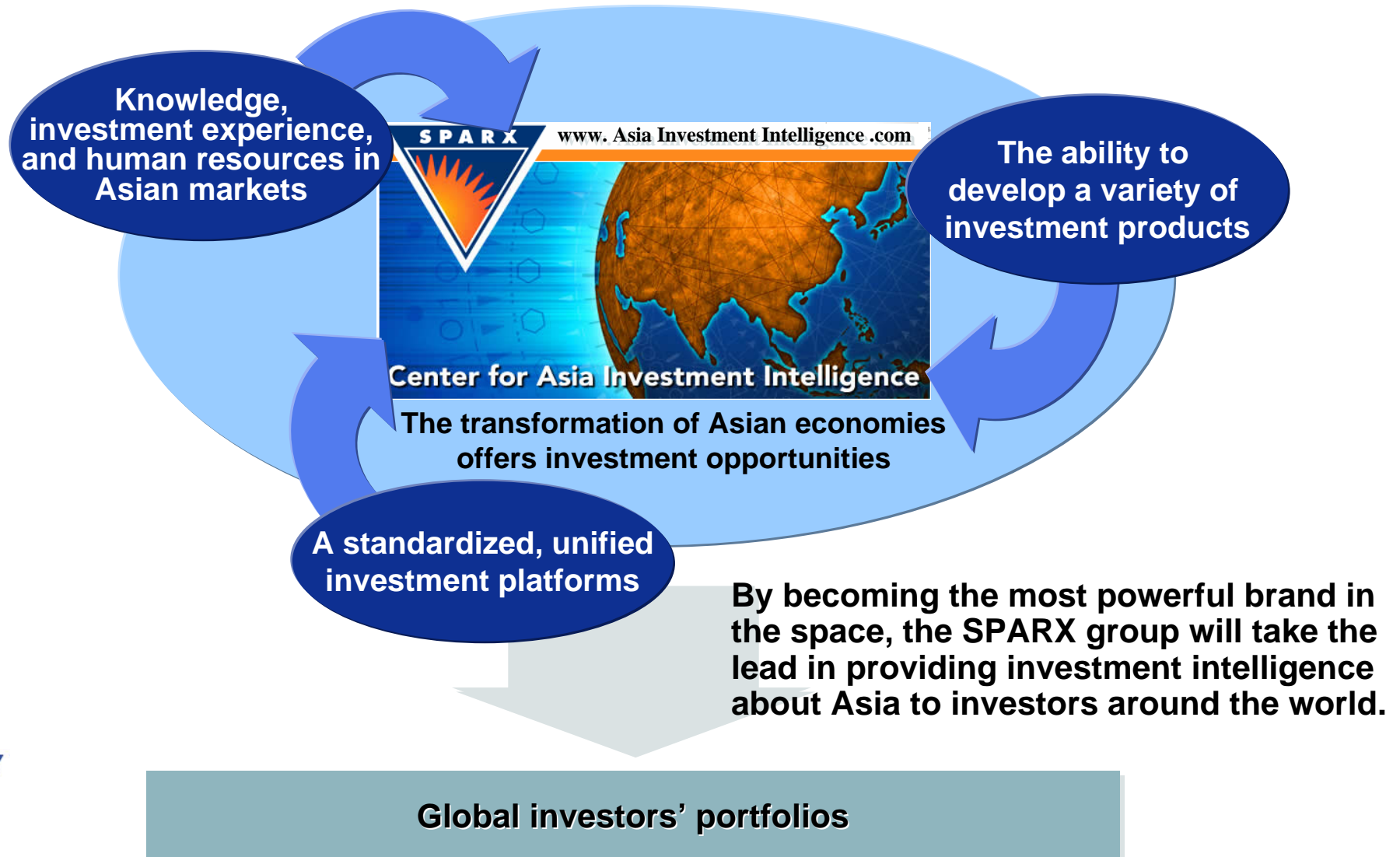
Aiming to become the most trusted and respected investment company in the world

October 2006



SPARX Group Co., Ltd.

What is the Center for Asia Investment Intelligence?



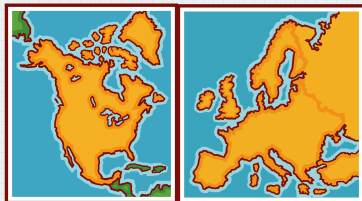
Our Understanding of the Business Environment

The SPARX Group is experiencing a new growth stage: Our 'rebirth' as a truly global player

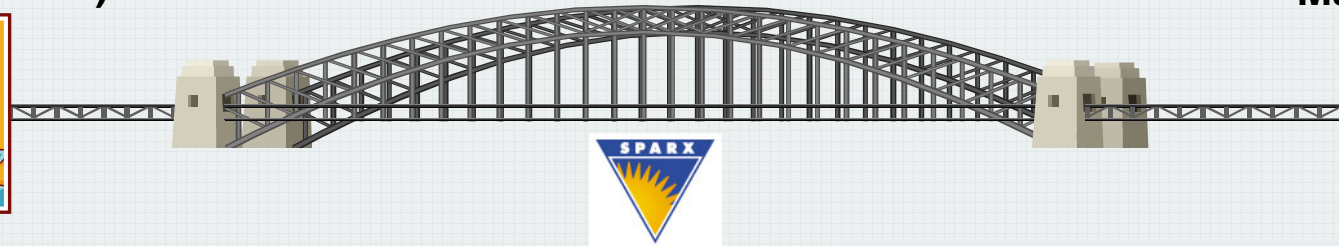
Until now:

Forming a 'single-lane' bridge between European and US investors and the Japanese market

Investors (Europe and US)



Market (Japan)

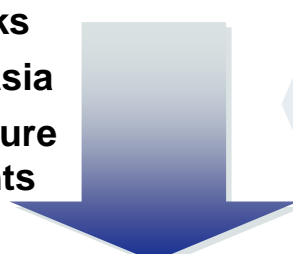


Strength

- Experience as a specialist in Japanese stocks
- Infrastructure developed for investment in Asia
- Management system and organizational culture for both long-only and alternative investments

- Taking advantage of opportunities for global investors that are being created by the dynamic transformation of Asia's economies

Opportunities



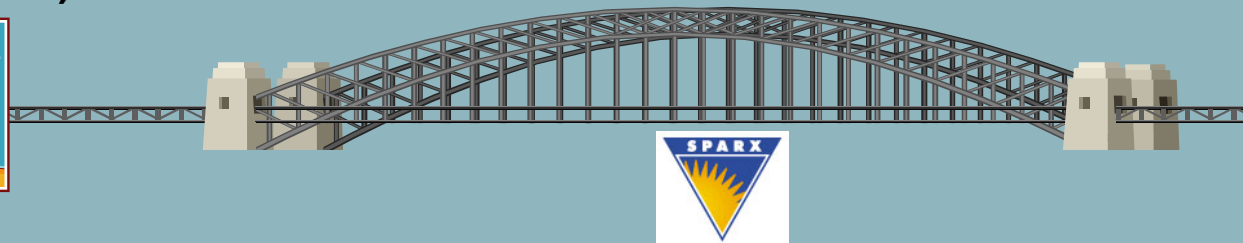
The New SPARX:

Creating a 'multi-lane' bridge between investors around the world and Asian markets

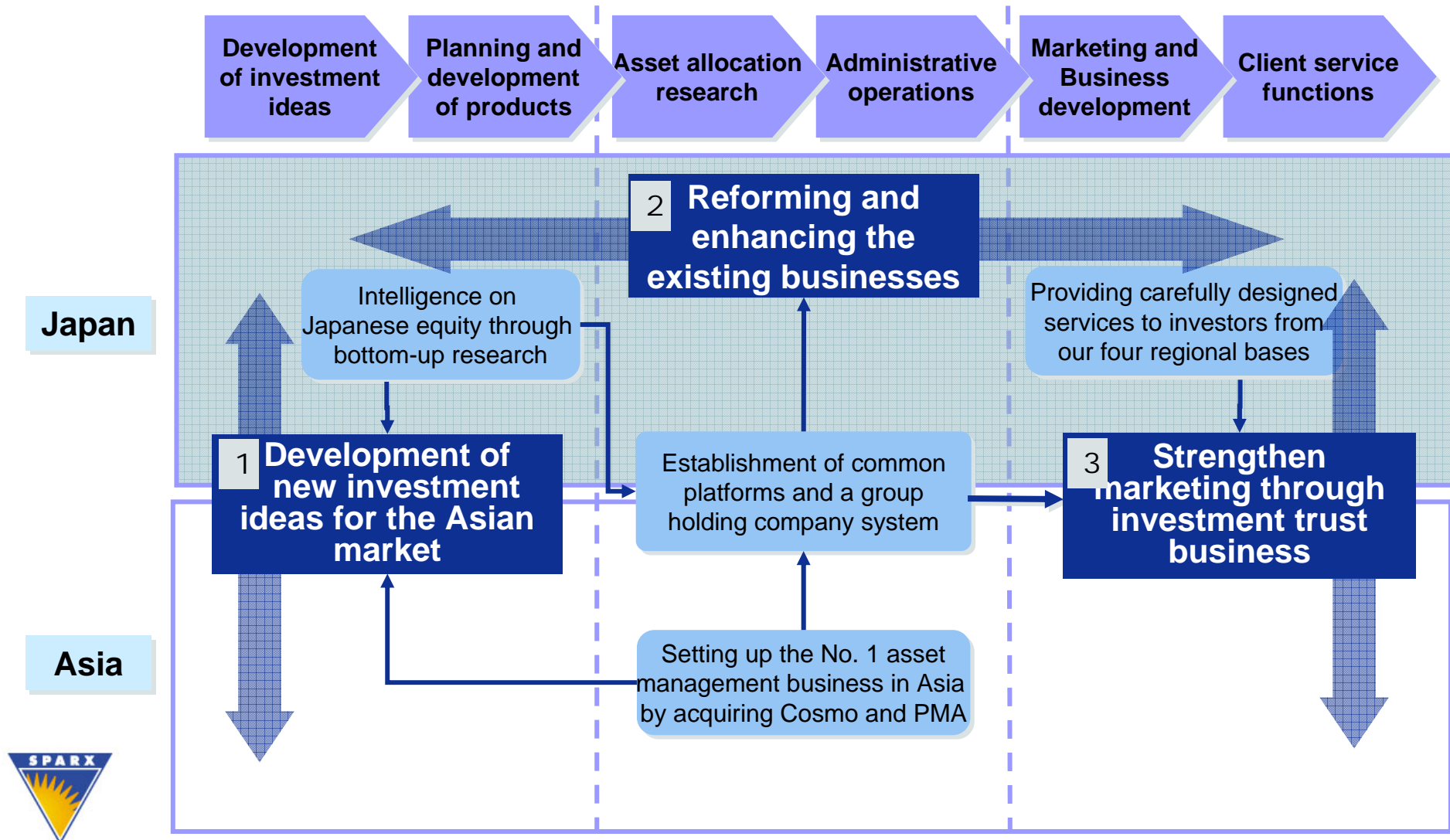
Investors (global)



Market (Asia)



The SPARX Group: A three-pronged approach to growth



Becoming the Center for Asia Investment Intelligence

Investors in Asia and Japan

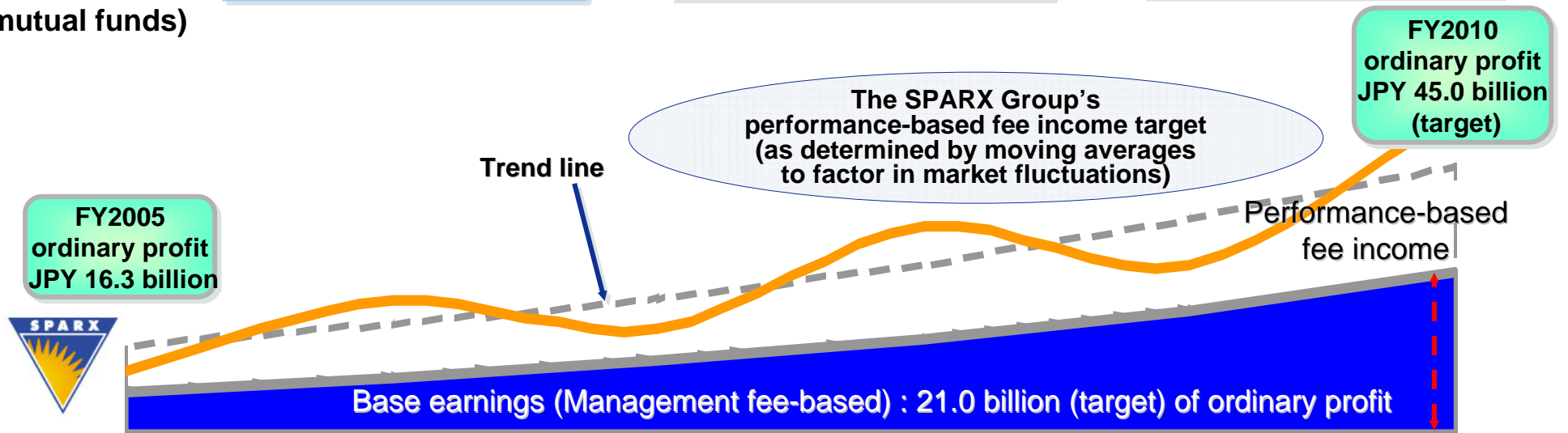
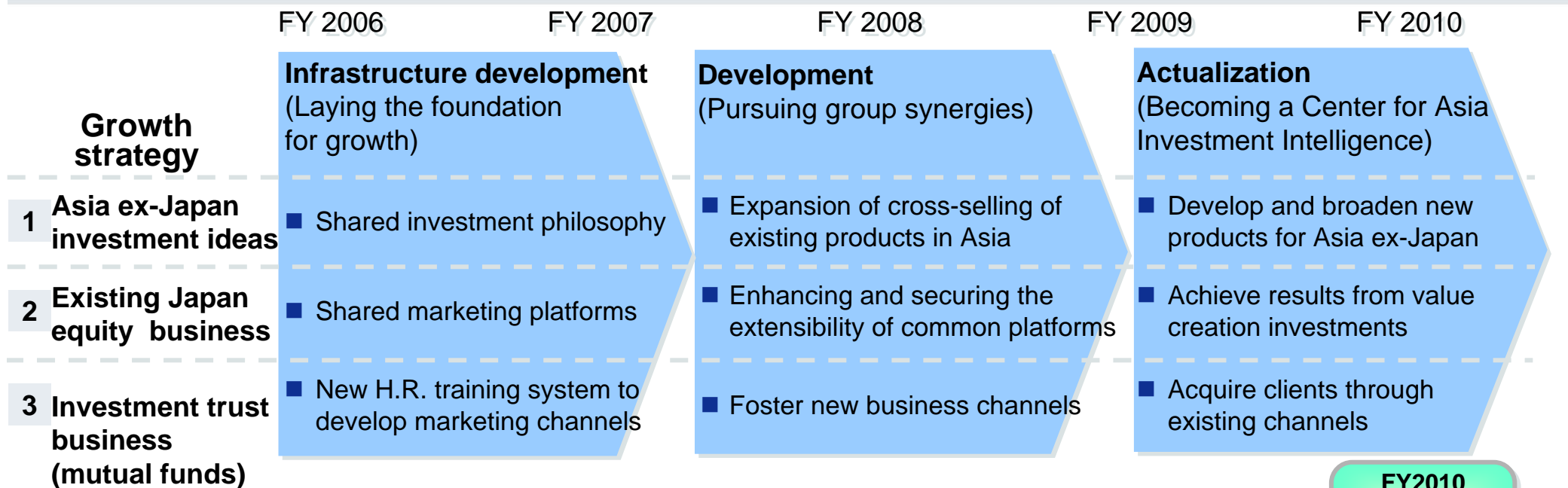
Investors in Europe

Investors in the US

SPARX Group

Investment area		Japan	Korea	Other Asian nations
Stock	Long-only	SPARX Asset Management Co., Ltd.	Cosmo (Korea)	Fund-of-funds
	Alternative			
	Value creation	SCP (SPARX Capital Partners Co., Ltd.)		PMA (Hong Kong)
Bond				
Currency				

Focusing on building a foundation for growth



Aspiring to growth with a good balance between quality and quantity

Alternative (target) JPY 2.5 tln

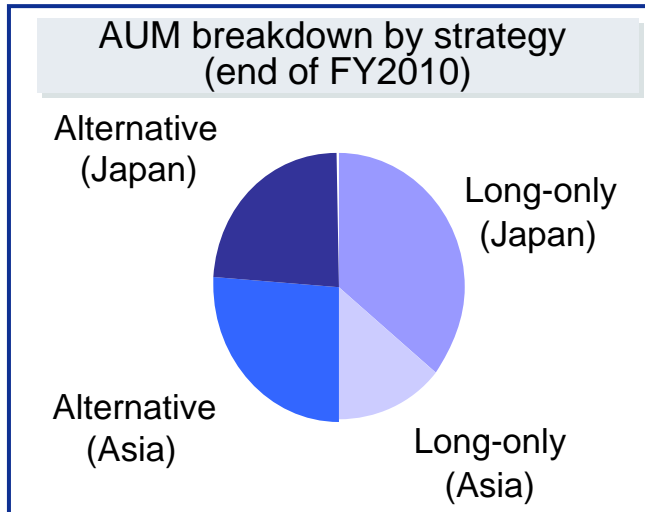
Japan:
JPY 1.2 trillion

Long-short,
Strategic,
Value Creation
Investment (VCI)
Private Equity

Asia ex-Japan:
JPY 1.3 trillion

FoF, Long-short
Bond, Macro,
Active, Value,
Strategic

- Main investment strategy for qualitative growth
- Emphasis on maintaining/expanding alternative investment sphere, a core competitive advantage
- Undertake investment in new areas (value creation, etc.)



Long-only (target) JPY 2.5 tln

Japan:
JPY1.8 trillion

Large,
Mid&Small

Asia ex-Japan:
JPY 0.7 trillion

Index Relative,
Asia NEW Strategy

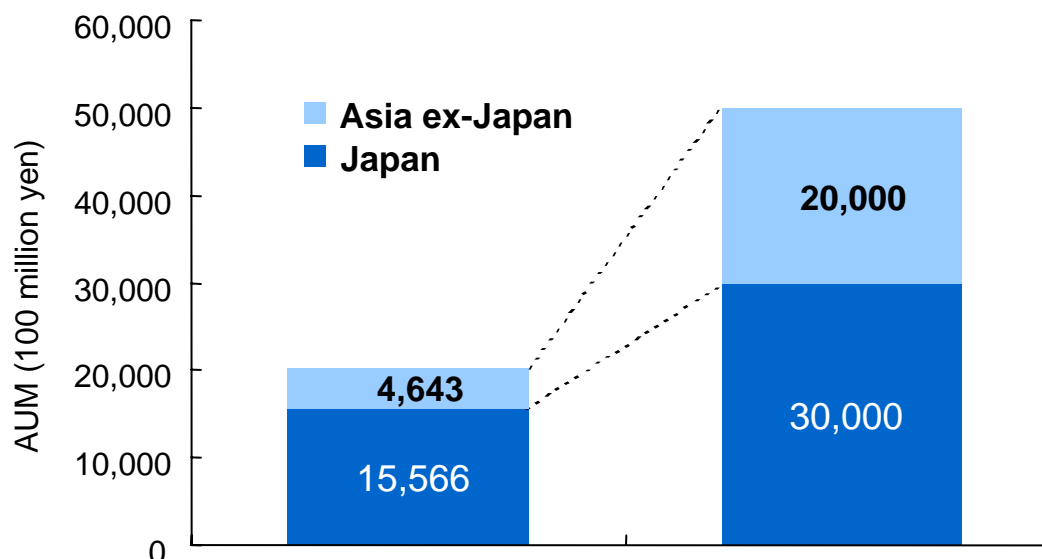
- A principal investment strategy for expanding scale
- Chief aim is to diversify investment areas and choices

PURPOSE: Achieving a business portfolio which can respond flexibly to changes in the market environment by utilizing a hybrid investment strategy with both long-only and alternatives.



Numerical Targets

The SPARX Group expects to reach AUM of JPY 5 trillion and pretax profit of over JPY 45 billion in FY 2010



	FY 2005	FY 2010 (target)
AUM*	JPY 2.0 trillion	JPY 5 trillion
Pretax profit	JPY 16.3 billion	JPY 45.0 billion
Shareholders' equity	JPY 41.0 billion	JPY 100.0 billion
ROE	21.7%	27%

* AUM (Asian equity) for FY2005 (ended March 31, 2006) included JPY 175.8 billion from COSMO (shareholding ratio was 51.9% at the end of FY 2005) and JPY 237.2 billion from PMA (acquired in FY 2006).

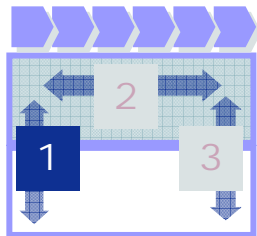


Plan of Execution



Growth Strategy 1

By leveraging Cosmo and PMA, the SPARX Group can dominate investment intelligence and expand its product range



Developing new investment ideas for Asian markets

Cosmo, acquired in 2005, is flourishing as never before as a member of the SPARX Group

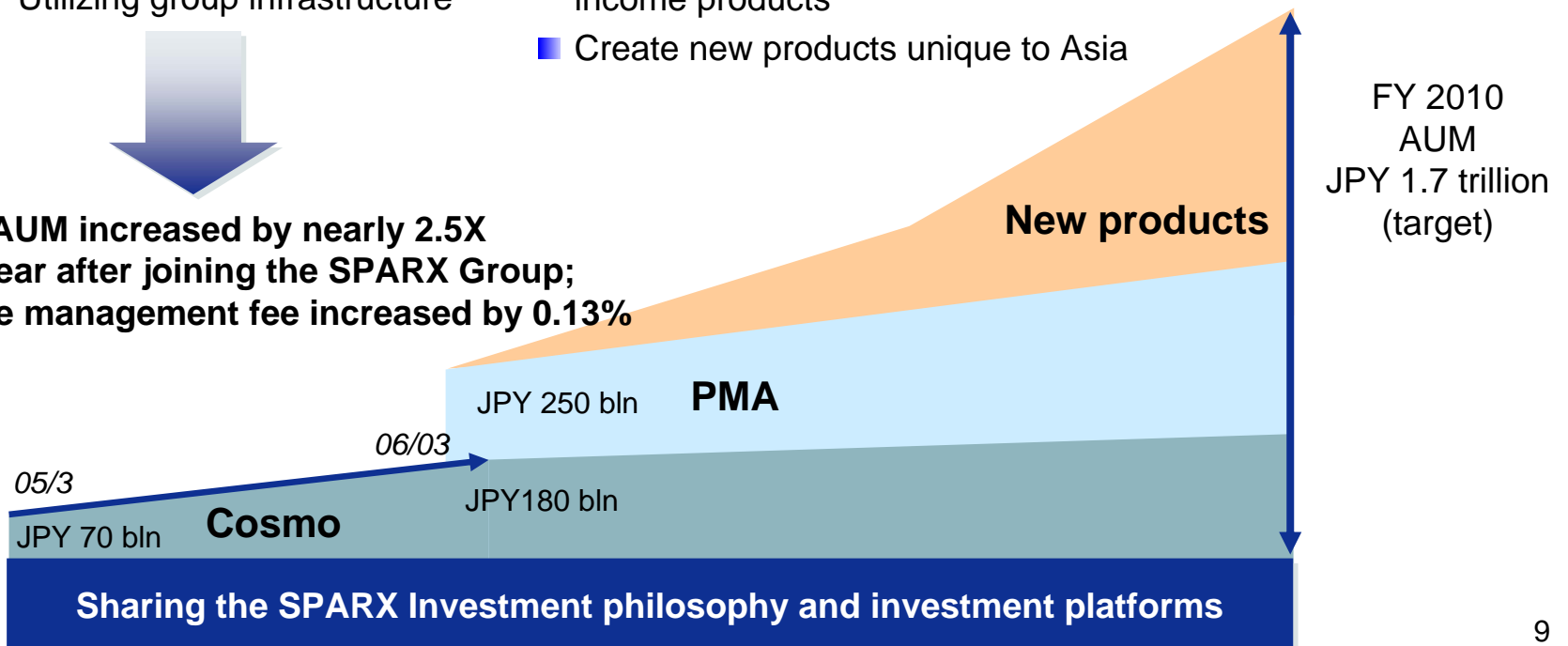
- Blending Korean investment intelligence with SPARX investment philosophy
- Expanding long-short strategy
- Utilizing group infrastructure

With the addition of PMA, the SPARX Group will accelerate new product development and cross-marketing.

- High-level exchange of investment ideas via regular Global Portfolio Manager Committee meetings
- Share in-house opinions on the macro environment
- Develop diverse investment strategies, including fixed income products
- Create new products unique to Asia

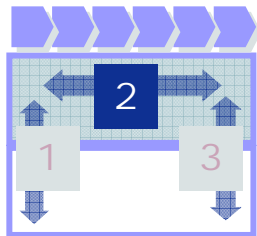


Cosmo's AUM increased by nearly 2.5X just one year after joining the SPARX Group; Its average management fee increased by 0.13%

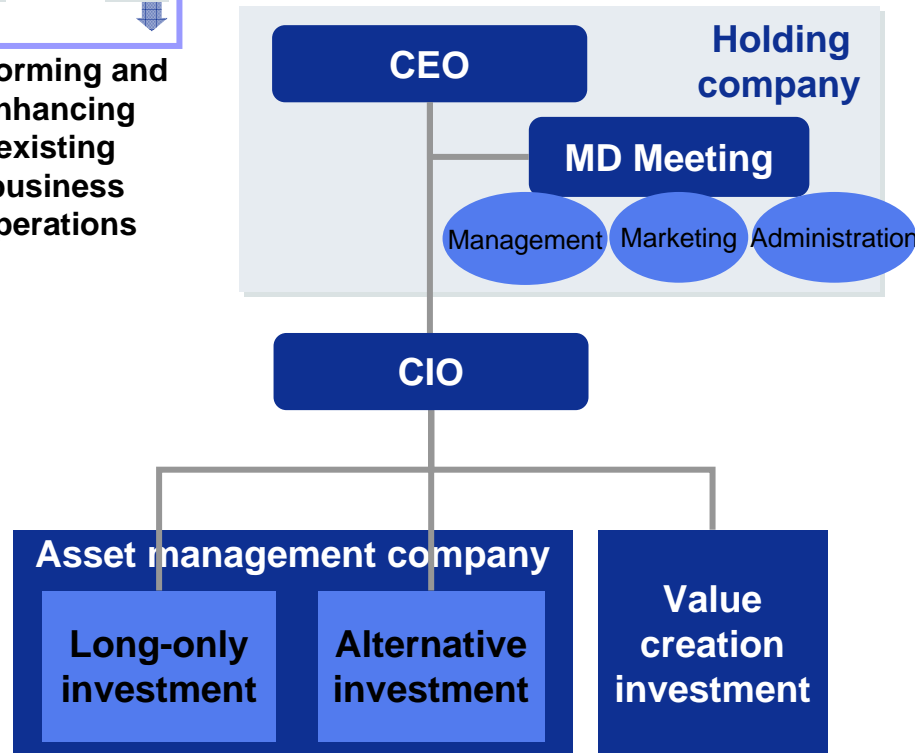


Sharing the SPARX Investment philosophy and investment platforms

Shifting to a holding company and bolstering the management structure will allow SPARX to hone its business in Japan



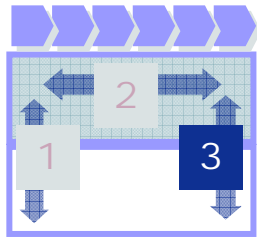
Reforming and enhancing existing business operations



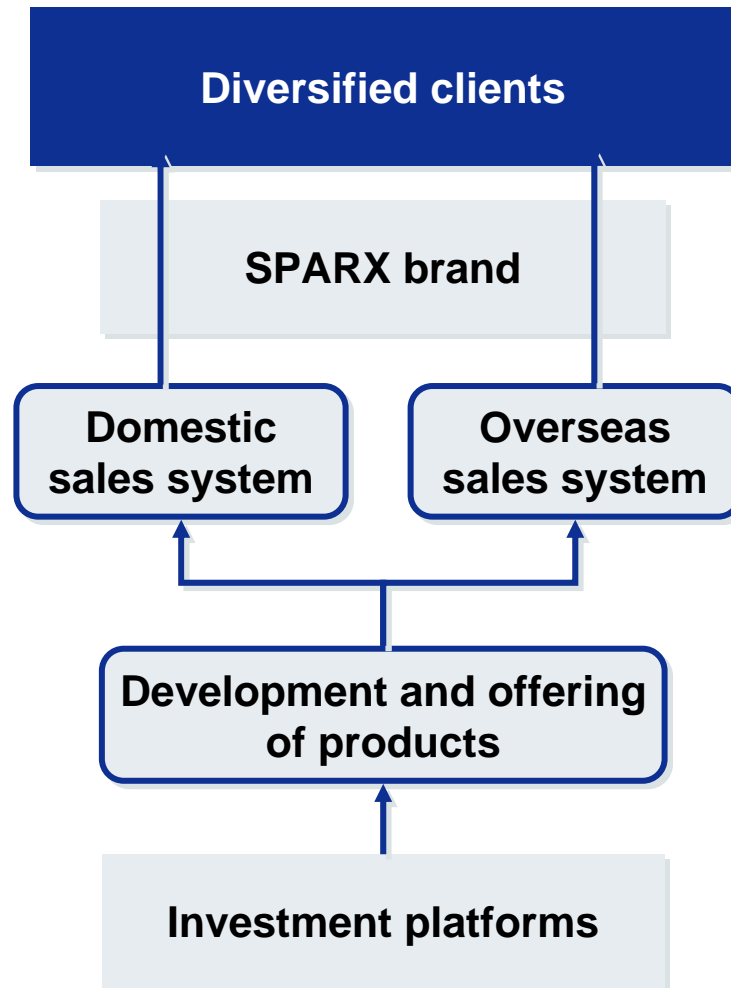
- ▶ The SPARX Group has appointed three managing directors and set up a new management structure
 - Improve the managerial control system and establish a system that allows the firm to focus on its core investment business operations
 - The CIO will focus on developing human resources to hone the group's investment philosophy
- ▶ The SPARX Group seeks to diversify its business strategies under the new holding company structure
 - Build up the efficacy of SPARX Capital Partners
 - increase hands-on expertise in value creation area
- ▶ Establish a hybrid system enabling the SPARX Group to pursue both alternative and long-only investments
 - stabilize the out-year revenue base

Growth Strategy 3

Bring renewed focus to the investment trust business to provide tailored investment intelligence and broaden the client base



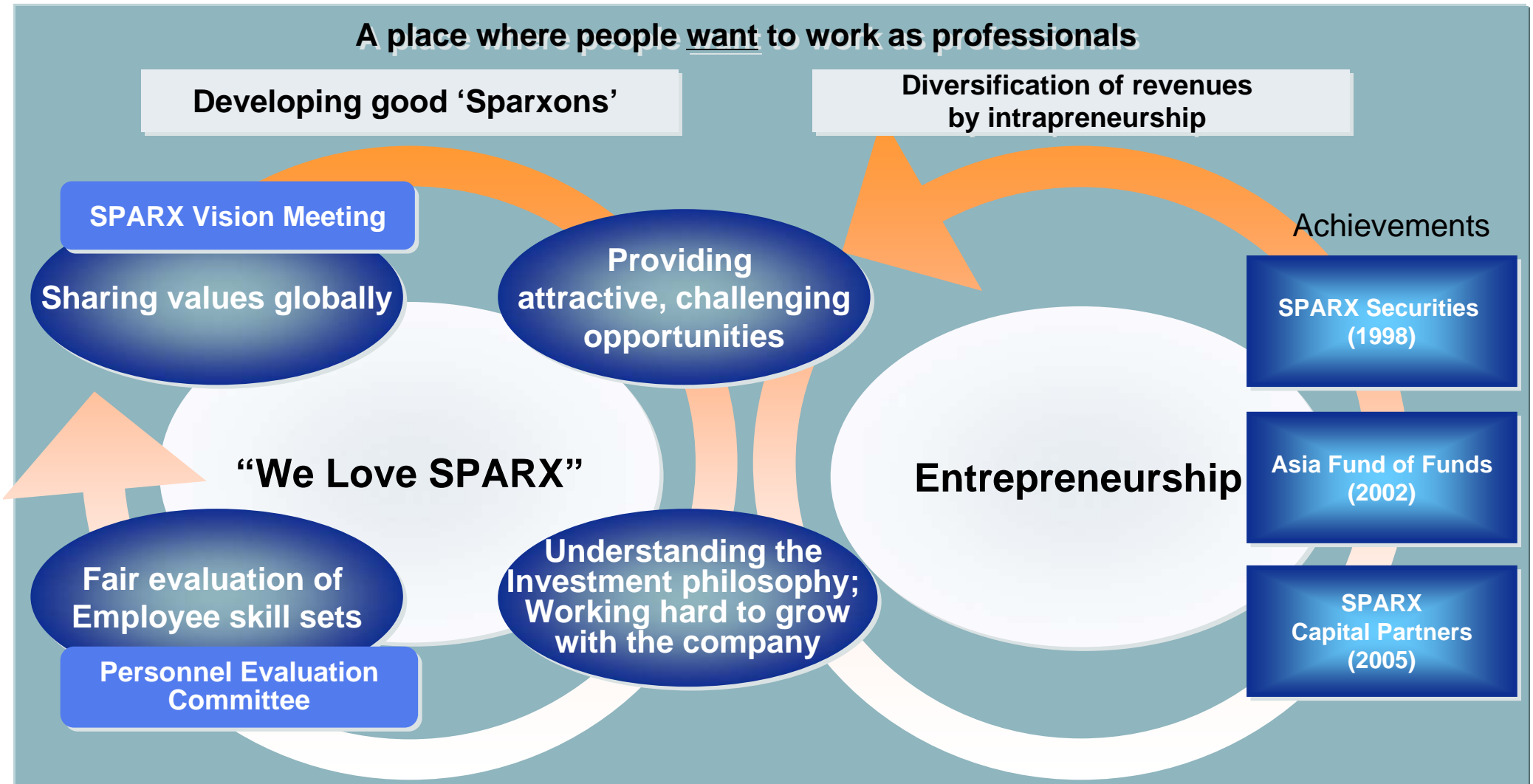
Strengthening investment trust business through expanded distribution



- Leverage the SPARX Group's strong track record in the alternative investment sphere to build the brand in the lucrative investment trust (mutual fund) arena
- In Japan, increase the volume of transactions with leading city banks, which are one of the biggest channels for selling mutual funds
- In the United States, build a website to transmit quality information about investment trends in Asia <http://www.asiainvestmentintelligence.com>
- Transfer part of the product development function to Hong Kong, and develop and offer offshore products
- Concentrate on IT and risk management tasks, and increase trading volume through a hybrid system consisting of long-only and alternative investments

Human Resource Development (HRD) Strategy

Providing people who share the SPARX investment philosophy with the attractive opportunities, and its intrapreneurship enables the diversification of its revenues

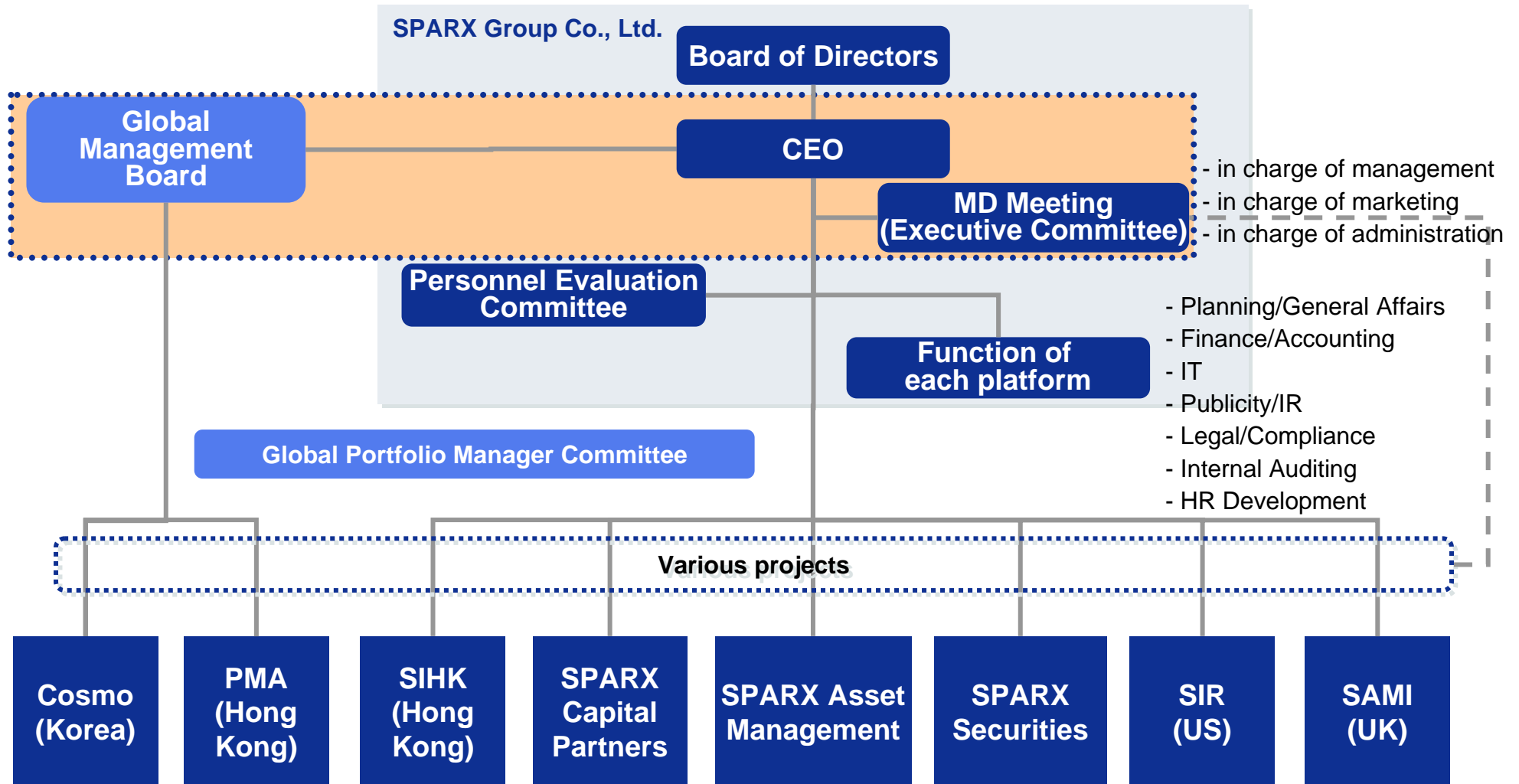


Organizational Structure



New Organizational Structure

Developing a corporate group management model to become the Center for Asia Investment Intelligence



Reconstruction of management structure for growth

Global Management Board

- ▶ The CEO and the three MDs of the SPARX Group, along with the CEOs of Cosmo and PMA discuss group objectives and strategies.

MD Meeting (Executive Committee)

- ▶ The three MDs are responsible for the supervisory roles in management, marketing, and administration, respectively. Responsible for most Group operational decisions in weekly meetings.
 - Initiate projects and steering groups to accomplish specific tasks globally.

Global Portfolio Manager Committee

- ▶ A 'horizontal organization' of investment professionals to exchange ideas about asset management and other managerial strategies.

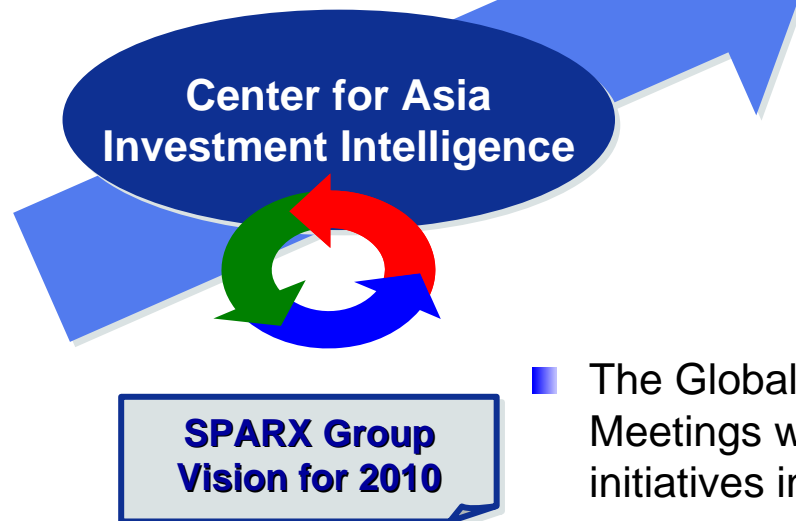
Individual platforms

- ▶ Each group-wide platform function, which supports management and conducts daily business, charged with fostering environment for incubating new strategies and future growth, including via M&A.



To realize this vision, the SPARX Group will closely monitor performance

The SPARX Group's vision



- The Global Management Board and weekly MD Meetings will oversee the implementation of initiatives in order to meet these strategic goals
- Should discrepancies develop between targets and performance, strategies will be reviewed and resources shifted accordingly to fix any problems



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