

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



March 1, 2006

Company: SPARX Asset Management Co., Ltd  
(JASDAQ Code: 8739)

### **SPARX Capital Partners to purchase Spirits shares**

SPARX Capital Partners Co., Ltd. ("SCP"), a wholly-owned subsidiary of SPARX Asset Management Co., Ltd., today announced that it purchased all shares (120 shares of common stock) of Spirits Co., Ltd. ("Spirits") through the Special Purpose Company (company name: Victory Corporation, ownership SCP 98.17%, new management team 1.83%) by leveraged buy-out (LBO) with utilizing non-recourse loan from Mizuho bank, as follows.

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1. Acquired stock number and stock type: 120 shares (common stock)
2. Change in ownership : <before> 0.00%  
<after> 100.00% (100% share owned by Victory Corporation)

Spirits is a rental video chain operator and a distributor of Video, DVD, CD and game software through its 21 stores named "Rom House" and "LIVEX" in Tokyo metropolitan area. The company has significant competitiveness in shop location, selection of titles, customer services, etc.

SCP and the new management will take over all shares of Spirits by Management Buy-In (MBI) method from Mr. Tanoi. Mr. Watanabe who has significant experience in rental video and DVD industry, assumes the president of Spirits. He will pursue further growth in view of business alliance in rental video, DVD and development of new franchise businesses in other business field.

SCP will support Spirits to boost its corporate value and go public in the future.

SCP, as an independent principal investment company, will continue investments in the companies with competitive advantages and growth oriented management.

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SPARX Capital Partners Co., Ltd.

(1)	Head office :	1-11-2, Ohsaki, Shinagawa-ku, Tokyo
(2)	Establishment :	July 1, 2005
(3)	Representative :	Masamichi Kudo
(4)	Description of principal business :	Investment in unlisted stocks, delisting public companies, overseas investment deals, investment in funds managed by SPARX group and by other companies, development of new investment techniques
(5)	Capital :	450 million yen
(6)	Shareholder :	SPARX Asset Management Co., Ltd. (100%)
(7)	Number of employees :	4

Spirits Co., Ltd. (as of February 28, 2006)

(1)	Head office :	2-51-10, Honcho, Nakano-ku, Tokyo
(2)	Establishment :	July 2, 1985
(3)	Representative :	Takao Tanoi
(4)	Description of principal business :	rental and distribution of video, DVD, CD and game software
(5)	Capital :	10 million yen
(6)	Shareholder	Takao Tanoi (100%)
(7)	Number of employees :	92 (November 30, 2005)
(8)	Relationship with SPARX	None prior to transaction
(9)	Net sales	3,839 million yen (in most recent fiscal year : period to June, 2005)

Profile of Mr. Hiromasa Watanabe

Mr. Watanabe was born in Shizuoka prefecture. After graduating from Chuo University, he started his career at a major domestic bank, and then worked for a major foreign bank. In 1993, Mr. Watanabe joined Culture Convenience Club Co., Ltd. ("CCC"), the largest rental video chain operator in Japan. At CCC, Mr. Watanabe developed his career in franchise chain development and sales area and served as the operating officer in charge of franchise chain development and sales from 2001 to 2005. In June 2005, Mr. Watanabe established Business Gate Co., Ltd. and assumed the president of the company.

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End of press release