

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



April 26, 2006

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

Corporate Spin-off Related to Transition to Holding Company System

SPARX Asset Management Co., Ltd. ("the Company") is pleased to announce the Board of Directors of the Company has decided at a meeting today that as of October 1, 2006, SPARX Spin-off Preparation Co., Ltd. will succeed the investment advisory service, discretionary investment management business and investment trust management businesses (hereinafter collectively referred to as "the Business") in which the Company is engaged under the Investment Advisory Business Law and the Law Concerning Investment Trusts and Investment Corporations as follows.

This spin-off is contingent upon obtaining the approval of the ordinary general meeting of shareholders and the required permits and approvals from government and municipal authorities.

NOTE

1. Outline of Corporate Spin-off

(1) Purpose of Corporate Spin-off

The Company has been engaged in the investment advisory service, discretionary investment management business and investment trust management businesses with licenses for the investment advisory business and investment trust management business. In addition, the Company functions as the holding company of the SPARX Group. With the transition to a holding company system, the Company will strive to maximize the corporate value of the Company and profits for our shareholders by expanding business and acquiring maneuverability when developing various businesses in the future.

(2) Trade Name of the Company

The Company and SPARX Spin-off Preparation Co., Ltd. will change their names as shown below:

- (i) The name of the Company will be changed to SPARX Group Co., Ltd.
- (ii) SPARX Spin-off Preparation Co., Ltd. will change its name to SPARX Asset Management Co., Ltd.

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2. Details of Corporate Spin-off

(1) Schedule for Spin-off

Meeting of Board of Directors for approval of the Agreement Concerning Corporate Spin-off Activities: April 26, 2006

Signing of the Agreement Concerning Corporate Spin-off Activities: April 26, 2006

General meeting of shareholders for the approval of the Agreement Concerning Corporate Spin-off Activities: June 23, 2006 (plan)

Date of spin-off: October 1, 2006 (plan)

Registration of spin-off (successor company): October 1, 2006 (plan)

(2) Method for Spin-off

(i) Method for Spin-off

The Company will become the spin-off company, and SPARX Spin-off Preparation Co., Ltd. (hereinafter referred to as “the Spin-Off Preparation Company”) will become the successor company. This is a spin-off into a separate company (physical division).

(ii) Reason for Adoption of Above Method for Spin-off

Accompanying the transition to a holding company system, we established the Spin-off Preparation Company, a wholly-owned subsidiary of the Company, in advance, and will have the Spin-off Preparation Company succeed the Business of the Company through the *kyushu bunkatsu* method of separation through absorption (physical division) because this is the legally required procedure through which the Spin-off Preparation Company can succeed the asset management business in which the Company is currently engaged.

(3) Allocation of Shares

(i) Ratio of Share Allocation

The 49,000 par value common shares of the Spin-off Preparation Company will be allocated and delivered to the Company.

(ii) Basis for Calculation of the Ratio of Share Allocation

As a method for transition to a holding company system, the Company will have the Spin-off Preparation Company, a wholly-owned subsidiary, succeed the Business of the Company, and all the shares to be issued by the Spin-off Preparation Company will be allocated to the Company. There is no change in the Company's equity share in the Spin-off Preparation Company or in the net worth of the Company before and after the spin-off. Therefore, both parties decided on the above allocation of shares through consultation.

(iii) Results, Method and Basis of Calculation by Third-Party Organization

No calculations have been made by a third-party organization for the reasons mentioned in (ii) above.

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(4) Payment for Spin-off

No payment for the spin-off will be made.

(5) Rights and Obligations of Successor Company (the Spin-off Preparation Company)

The rights and obligations the Spin-off Preparation Company will succeed through this spin-off will be the assets and liabilities of the Business as of the date of the spin-off and the rights, obligations and contractual positions incidental to them. The obligations shall be assumed in an exculpatory manner.

(6) Prospect for Fulfillment of Obligations

It has been determined that the Company and the Spin-off Preparation Company can be expected to fulfill all of the obligations incurred.

(7) Officers to be Newly Appointed by Successor Company

(i) Director (effective October 1, 2006)

Masaki Taniguchi

(ii) Corporate Auditors (effective October 1, 2006)

Toshiyuki Furukawa, Masao Sato, and Soichiro Matsuda

*The existing directors of the Spin-off Preparation Company, Jitsuo Tatsuno, Shoichi Miyasaka, and Takeshi Suzuki, will continue to hold the post of director following the spin-off. Shuhei Abe will be appointed as President & CEO and Kenzo Kosuda will retire subject to the approval of the authorities concerned.

3. Profile of Companies Involved in the Spin-off

(1) Name	SPARX Asset Management Co., Ltd. (spin-off company)	SPARX Spin-off Preparation Co., Ltd. (successor company)
(2) Business	Asset management service (Note 1)	Asset management service (Note 2)
(3) Date of incorporation	June 20, 1988	April 3, 2006
(4) Head office address	Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku Tokyo	Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku Tokyo
(5) Representative	Shuhei Abe, President & CEO	Kenzo Kosuda, Representative Director
(6) Capital	11,441 million yen	50 million yen (Note 3)
(7) Total number of outstanding shares	989,821 shares	1,000 shares (Note 3)
(8) Shareholders' equity	31,010 million yen	50 million yen (Note 3)
(9) Total assets	39,093 million yen	50 million yen (Note 3)
(10) Closing date	March 31 each year	March 31 each year

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(11) Number of employees	98	0
(12) Major customers		
(13) Large shareholders and equity share		SPARX Asset Management Co., Ltd. (100%)
(14) Major banks		
(15) Relationship of the parties to the spin-off	Capital ties	SPARX Spin-off Preparation Co., Ltd. is a wholly owned subsidiary of SPARX Asset Management Co., Ltd.
	Business relations	SPARX Spin-off Preparation Co., Ltd. does not currently conduct any business activity, and has no business relationship with SPARX Asset Management Co., Ltd.

- (Note) 1. SPARX Asset Management Co., Ltd. plans to discontinue its asset management business and become a holding company through the spin-off.
2. Following the spin-off, SPARX Spin-off Preparation Co., Ltd. plans to engage in the asset management business subject to obtaining the required approval and licenses from government and municipal authorities.
 3. Capital will increase from 50 million yen to 2.5 billion yen before the date of the spin-off. As a result, the total number of outstanding shares will increase to 50,000 shares, and total assets will rise to 19.7 billion yen.
 4. The profile of SPARX Asset Management Co., Ltd. is as of September 30, 2005, and the profile of SPARX Spin-off Preparation Co., Ltd. is as of April 3, 2006.

(16) Results for the recent three accounting terms

Accounting term	SPARX Asset Management Co., Ltd. (spin-off company)		
	Term ended March 2003	Term ended March 2004	Term ended March 2005
Operating revenue (million yen)	3,371	8,659	11,022
Operating profit (million yen)	519	5,345	6,307
Recurring profit (million yen)	503	5,475	6,943
Net profit (million yen)	223	2,843	3,924
Net profit per share (yen)	10,340.61	68,543.62	9,219.04
Dividend per share (yen)	10,000	10,000	2,000
Shareholders' equity per share (yen)	316,424.66	215,580.98	64,166.35

4. Details of Business Segment to be Spun Off

- (1) Details of Businesses Concerning Discretionary Investment Management Business Activities, Investment Advisory Business Activities, and Investment Trust Management Business Activities

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As of the date preceding the date of spin-off, the Company is engaged in the discretionary investment management business activities, investment advisory business activities, and investment trust management business activities.

(2) Results for Term Ended March 2005 of the Businesses Concerning Discretionary Investment Management Business Activities, Investment Advisory Business Activities, and Investment Trust Management Business Activities

Because of the succession of all of the discretionary investment management business activities, investment advisory business activities, and investment trust management business activities, please refer to the column for the term ended March 2005 in the table in 3. (16) above.

(3) Items and Amount of Assets And Liabilities Passing to Successor Company

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	12,625 million yen	Current liabilities	1,816 million yen
Fixed assets	7,029 million yen	Fixed liabilities	–million yen
Total	19,654 million yen	Total	1,816 million yen

(Note) The foregoing is based on figures as of the end of December 2005. There is a possibility that the actual amounts succeeded through the spin-off will differ.

5. Conditions of the Company after the spin-off

- (1) Trade name: SPARX Group Co., Ltd.
- (2) Business: Holding company
- (3) Head office address: Shinagawa-ku Tokyo
- (4) Representative: Shuhei Abe, President & CEO
- (5) Capital: 11,619 million yen
- (6) Total assets: 44,903 million yen (1,816 million yen)

(Note) The figure in parenthesis shows the amount of decline expected due to the spin-off.

- (7) Closing date: March 31 of each year
- (8) Impact on results: The spin-off will have a marginal impact on consolidated results.
Non-consolidated results: After becoming a holding company, the revenue of the Company will center on dividend income from subsidiaries and affiliated companies and the expenses of the Company will center on the costs necessary for the functions of the holding company.

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