

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

October 16, 2008

Company: SPARX Group Co., Ltd.

(JASDAQ Code: 8739)

Announcement of Corporate Streamlining Initiative

Tokyo (October 16, 2008) – SPARX Group Co., Ltd. (hereafter “SPARX”) announced today that its Board of Directors has passed a resolution to implement the following corporate streamlining initiative.

For Reference:

I. Objective of streamlining initiative

In the course of the current fiscal year, SPARX has focused on three strategic areas: 1) achieving a recovery in its Japanese equity investment management business, 2) reinforcing and expanding its mutual fund business in Japan and overseas, 3) and strengthening its marketing and asset management network to achieve deeper penetration in Asian markets outside of Japan. However, since our assets under management (AUM) have significantly declined since the start of the term in April of 2008 due to the severity of the deterioration in global equity markets, SPARX has decided to strictly implement a thorough set of managerial reforms in order to achieve a more optimal corporate structure and to carry out cost reductions. These actions are being taken to enable the company to definitively return to profitability within the next fiscal year starting in April of 2009. (Note that these efforts center on SPARX’s Japanese equity operations and therefore exclude our Hong Kong and Seoul-based subsidiaries, PMA Capital Management Limited and Cosmo Investment Management Co., Ltd.)

II. Outline of streamlining initiative

1. Significant reduction of board members' compensation and change of board member composition

As part of our efforts to clarify managerial responsibility for an inordinately high cost structure, SPARX will take action to reform management in a way that both speeds up its decision-making processes to position the company to better adapt to changes in the external business environment and also to improve the overall efficiency of our organization and productivity of our operations.

2. Major overhaul of overseas subsidiaries

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

SPARX will implement several large-scale cost-reduction initiatives, including a fundamental re-examination of the business operations at our subsidiaries in the UK and USA.

3. Soliciting voluntary retirement at SPARX Group Co., Ltd., SPARX Asset Management Co., Ltd., SPARX Securities Co., Ltd. and SPARX Capital Partners Co., Ltd.

Outline of voluntary retirement solicitation

- (1) Persons covered by the program Full-time employees (less than 59 years old) as of October 20, 2008
- (2) Number of persons Approximately 20 persons
- (3) Application period From October 20, 2008 to November 14, 2008
- (4) Retirement date March 31, 2009
- (5) Other items The retired employees will be provided with a special retirement package, be accorded status as involuntary retirees and receive support to aid in their reemployment outside the company.

4. Cancellation of incentive bonuses (in principle)

SPARX will freeze payment of compensation-related incentives to most employees of SPARX Group, excluding Hong Kong-based PMA Capital Management Limited and Seoul-based Cosmo Investment Management Co., Ltd.

III. Expected impact on financial results

1. Financial impact for current fiscal year

By implementing the aforementioned special retirement program for select employees, an extraordinary loss, estimated to total approx. 0.2 billion JPY, will be posted as part of our financial results for FY2008. Other streamlining initiatives are under review and, as a result, any other financial impact on earnings in the current fiscal year will be announced once determined.

2. Financial impact for next fiscal year or thereafter

The cost-reduction impact on operations and general administrative expenses generated by these streamlining initiatives is estimated to total approx. 2 billion JPY (based on FY2007 results data).

#####