The following is an English version of the official Japanese announcement, which has been given to the JASDAQ and the media in Tokyo, Japan.

May 27, 2015

Company: SPARX Group Co., Ltd.
(JASDAQ Standard Code: 8739)

SPARX announces Partial Amendment of the Basic Policy for the Internal Control System

TOKYO (May 27, 2015) – SPARX Group Co., Ltd. ("SPARX") hereby notify you that the Board of Directors has resolved partial amendment of the Basic Policy for the Internal Control System.

■ Revised "Basic Policy for the Internal Control System"

"Basic Policy for the Internal Control System"

1. System to ensure that the business execution by directors complies with laws and regulations and the Articles of Incorporation
   (1) To reinforce and enhance the function to monitor the legality and adequacy of decision making and business execution, the board of directors shall invite independent outside directors to serve as the members of the board of directors. In addition, auditors including independent outside auditors shall also monitor the legality and adequacy of business execution;
   (2) Out of outside directors and auditors, as for those who satisfy the requirement of independent officers stipulated in the rules on the listing of securities adopted by the stock exchange shall, in principle, a notification on independent officers will be filed;
   (3) Directors shall comply with laws and regulations, the Articles of Incorporation and internal rules and act in accordance with SPARX VISION STATEMENT, the compliance manual and SPARX Group Code of Ethics which have been established to achieve the management philosophy of SPARX Group, that is, "to become the most trusted and respected investment company in the world." In addition, directors shall be required to attend a compliance training session at least once a year to foster better understanding of laws and regulations;
   (4) In order to comply with laws and regulations in Japan and overseas, the Legal & Compliance Department, having been established as an organization under the direct control of the board of directors, shall conduct a report on the status of compliance with laws and regulations, etc., at the monthly board of directors after deliberation at the

committee hosted by the relevant department;

(5) With regard to unlawful/violating acts of directors, under the internal reporting system, the head of Legal & Compliance Department, internal auditors and the external law office shall receive reports from and/or be consulted by officers and employees.

2. System to store and manage the information on the execution of duties of directors

(1) Based on the internal document rules, the documents set out in the following items (including electromagnetic records. The same shall apply hereinafter.) shall be stored and managed together with related materials:

- Minutes of the general meeting of shareholders;
- Minutes of the board of directors;
- Minutes of the board of auditors;
- Other documents set out in the internal document rules and/or the accounting rules.

(2) In the case where a director or auditor requests browsing of any document, the department in charge shall make the requested document or information available at any time for browsing or copying.

3. Rules and other systems for managing the risk of loss

(1) In view of the importance of establishing the risk management system, directors shall prepare various rules for risk management so as to facilitate the risk management system;

(2) The department in charge of risk management shall endeavor to grasp and manage risks. In addition, such department shall report the results thereof to the board of directors according to need;

(3) The board of directors shall discuss the countermeasures for individual risks as may be necessary and take appropriate measures;

(4) With regard to potential damage that may be caused by a natural disaster such as an earthquake, a storm or flood or a fire, power outage, act of terrorism, etc., a business continuity plan shall be prepared in advance to endeavor to take proactive measures and also get ready for effective measures to be taken at the occurrence of damage.

4. System to ensure the efficient execution of duties of directors

(1) Important management matters concerning the management policy, business strategies, etc. shall be discussed and decided upon based on the rules of the board of directors. In addition, with regard to the scope of the authority and responsibilities of directors, the system where directors can efficiently execute their duties shall be ensured by establishing the organization rules and the rules on the division of operations;

(2) To enable flexible responses to be made in the business expansion, the term of office of directors shall be one year. Directors shall not only mutually monitor whether the duty of the diligence of a good manager is fully performed in making decisions but also ensure the

efficiency and soundness in executing business;

(3) The board of directors shall be held at least once a month, decide on the managerial execution policy, matters stipulated by law and other important management matters and monitor the business execution status. Monthly business performance shall be reported and reviewed at the regular board of directors;

(4) The board of directors shall set up various types of committees as consultative organs that conduct research, deliberation, planning, reporting, etc. in terms of specialized matters.

5. System to ensure that the execution of duties of employees complies with laws and regulations and the Articles of Incorporation

(1) Employees shall comply with laws and regulations, the Articles of Incorporation and internal rules and act in accordance with SPARX VISION STATEMENT, the compliance manual and SPARX Group Code of Ethics which have been established to achieve the management philosophy of SPARX Group, that is, “to become the most trusted and respected investment company in the world.” In addition, the management philosophy shall be passed through and spread through various types of meetings, etc.;

(2) Internal rules shall be reviewed and revised as may be necessary when laws or regulations are revised, abolished or otherwise and shall be made universally known to all the employees. In addition, all the employees are required to attend a compliance training session at the time of joining the company and subsequently at least once a year to foster better understanding of laws, regulations and internal rules;

(3) In order to comply with laws and regulations in Japan and overseas and internal rules, the committee hosted by the Legal & Compliance Department shall be set up to check the compliance system and the research and examination shall also be conducted in terms of law-related issues and the countermeasures thereof shall be determined at the board of directors;

(4) Various compliance-related problems arising within the company shall be reported by each department to the Legal & Compliance Department and the Internal Audit Department through the “Incident Report”, etc. and, after deliberation at the committee, shall be reported to the board of directors. In addition, when necessary to examine whether any disciplinary sanction should be imposed or not, deliberation shall be conducted separately at the committee and internal disciplinary sanction shall be imposed pursuant to the working regulations, etc.;

(5) With regard to unlawful/violating acts of employees, under the internal reporting system, the head of Legal & Compliance Department, internal auditors and the external law office shall receive reports from and/or be consulted by officers and employees;

(6) The Internal Audit Department, having been established as an organization under the direct control of the board of directors, shall conduct an audit as to whether the execution of duties of employees is appropriately and efficiently fulfilled in accordance with laws and

regulations, the Articles of Incorporation, internal rules, corporate ethics, etc. and report the results to the board of directors;

(7) In order to make the internal control work effectively for financial reporting, the board of directors shall monitor each of the activities, such as the documentation of the control activities in terms of company-wide control, IT control and business process control, the evaluation of internal control, the judgment of effectiveness and the remedy of deficiencies.

6. System to ensure the appropriateness of business operations in the Corporate Group consisting of SPARX Group Co., Ltd. and its subsidiaries

(1) With regard to the management of each of the Group's subsidiaries, the department in charge of subsidiary management shall conduct monitoring in accordance with the subsidiary management rules, grasp the management conditions of major subsidiaries and report the results to the board of directors according to need;

(2) The board of directors shall receive a business report directly from the representative of any major subsidiary when deemed necessary;

(3) To comply with laws and regulations, the major subsidiaries shall be directed to adopt such internal rules customized to each subsidiary that contain prescribed matters based on SPARX GROUP CODE OF ETHICS PROTOCOL according to the scale, type of business, etc. In addition, compliance with laws and regulations and risk management in terms of business execution shall be implemented from a global perspective.

7. Matters ensuring the independence from a director of an employee who should assist an auditor with his/her duties and the effectiveness of an instruction given to the relevant employee

(1) At the request of an auditor, an employee who should assist the auditor with his/her duties shall be assigned;

(2) The relevant employee shall, in principle, serve exclusively for the board of auditors and the matters concerning personnel affairs as a whole including a job transfer or the assessment of such employee shall be subject to the consent of the board of auditors.

8. System for a director and an employee of the Corporate Group consisting of SPARX Group Co., Ltd. and its subsidiaries to make a report to an auditor of the relevant company with company auditors

In SPARX Group Co., Ltd. and its domestic subsidiaries,

(1) When a director has detected a fact that may severely damage the company, he/she shall immediately report it to an auditor;

(2) Directors and major employees shall hold a meeting with auditors on a regular basis and

report to auditors the issues relating to the company management and business execution and exchange opinions with auditors;

(3) Auditors shall attend important meetings such as the board of directors, monitor/verify the contents of the reports received from directors and/or employees and, when deemed necessary, take the measures such as an expression of advice or an opinion or recommendation or injunction of an act.

Among overseas subsidiaries,
there are certain subsidiaries where auditors are not appointed because of no requirement under local laws and regulations, etc. Under such circumstances, a report shall be made to the director or employee of SPARX Group Co., Ltd. who serves as a director of its subsidiary or through a monthly global compliance report, either of which virtually means the indirect reporting to the auditor of SPARX Group Co., Ltd.

9. System to ensure that an officer or employee who made a report to an auditor will not be treated unfavorably for the reason of having made the said report
It shall be prohibited that SPARX Group's director or employee who made a report, (whether directly or indirectly,) to an auditor is treated unfavorably for the reason of having made the said report and such prohibition shall be made universally known to SPARX Group's officers and employees.

10. Matters concerning the processing policy for advance payment of expenses or debts arising out of the execution of duties of auditors
(1) When an auditor claims advance payment, etc. of expenses from the company in accordance with the provisions of the Companies Act, after deliberation in the department in charge, the relevant expenses or debts shall be promptly processed, except in the case where it has been proven that the expenses or debts relating to the relevant claim are not necessary for the execution of duties of the relevant auditor;
(2) To pay the expenses, etc. arising out of the execution of duties of auditors, a certain amount of budget shall be set every year.

11. In addition, System to ensure that an audit by an auditor be effectively conducted
(1) Auditors shall hold a meeting with the representative director on a regular basis and exchange opinions about the status of environmental improvement of an audit by an auditor, important tasks relating to audit and, in addition, challenges, etc. to be tackled by the company;
(2) Auditors shall receive a report on the results of an internal audit from the Internal Control Department as may be necessary and also receive a report on the results of an accounting audit from an accounting auditor on a regular basis. In addition, to conduct an efficient and effective audit, both the Internal Control Department and an accounting

auditor shall endeavor to share information by holding a coordination meeting or otherwise;

(3) Auditors shall browse the minutes, etc. of important meetings at any time and ask for an explanation as necessary;

(4) Auditors shall endeavor to share information and exchange opinions in terms of audit work for each company.

12. Basic policy, etc. for exclusion of anti-social forces

It is SPARX Group's basic policy that SPARX Group will not have any relations with anti-social forces which threaten the social order and sound corporate activities, will not give economic benefits to them and will not accept any illegal or undue demands from them. To realize the policy, SPARX Group will carry out thorough compliance training provided by the relevant departments in charge and also cooperate with the relevant police station, lawyers and other external specialized agencies.

13. System to ensure the reliability of financial reporting

To ensure the reliability of financial reporting, SPARX Group, having formulated the "Basic Rules on the Management's Evaluation of the Internal Control over Financial Reporting", based on the annual fundamental policy determined by the board of directors, currently enhances, operates and evaluates the internal control system for effective and efficient financial reporting.