

Financial and Business Results for the First Quarter of the Fiscal Year Ending December 31, 2008

April 18, 2008

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 Stock Code 9702
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 Expected starting date of dividend payment:

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(Rounded down to million yen)

1. Consolidated results of operations for the first quarter of the fiscal year ending December 2008 (January 1, 2008 through March 31, 2008)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2008 1 st Quarter	3,247	-3.8	179	-51.9	183	-51.7	82	-59.8
FY 2007 1 st Quarter	3,377	13.0	372	72.7	380	72.9	204	67.2
Year ended December 2007	13,084		886		924		466	

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY 2008 1 st Quarter	19.32			
FY 2007 1 st Quarter	47.01			
Year ended December 2007	108.44			

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2008 1 st Quarter	7,919	4,881	61.7	1,169.11
FY 2007 1 st Quarter	7,881	4,859	61.7	1,128.73
Year ended December 2007	8,098	5,107	63.1	1,186.34

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2008 1 st Quarter	476	-344	-239	1,629
FY 2007 1 st Quarter	219	-110	-108	2,146
Year ended December 2007	19	-274	-154	1,737

2. Forecast of consolidated business results for the fiscal year ending December 2008 (January 1, 2008 through December 31, 2008)

The effect of unprofitable project of ISB Brains Co., Ltd., ISB Corporation's consolidated subsidiary on the business results is now being assessed. The details will be announced as soon as the results have been finalized.

3. Others

(1) Change in important subsidiary during the period (changes in specified subsidiary due to change in the scope of consolidation): None

New subsidiary: 0 Excluded: 0

(2) Adoption of simplified accounting method: Yes

(3) Change in accounting treatment compared to the most recent fiscal year: Yes

[(Note) For details, please see section 4. Others of **【Results of operations and financial conditions】** on page 4]

(Reference) Summary of Non-consolidated Business Results

**4. Non-consolidated results of operations for the first quarter of the fiscal year ending December 2008
(January 1, 2008 through March 31, 2008)**

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2008 1 st Quarter	3,059	-0.3	208	-39.8	214	-39.5	117	-39.4
FY 2007 1 st Quarter	3,067	13.3	346	67.0	355	64.1	194	59.3
Year ended December 2007	11,893		863		907		468	

	Net income per share		Diluted net Income per share	
	Yen		Yen	
FY 2008 1 st Quarter	27.62			
FY 2007 1 st Quarter	45.18			
Year ended December 2007	108.76			

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2008 1 st Quarter	7,587	4,853	64.0	1,173.78
FY 2007 1 st Quarter	7,425	4,781	64.4	1,110.80
Year ended December 2007	7,738	5,043	65.2	1,171.53

**5 . Forecast of non-consolidated business results for the fiscal year ending December 2008
(January 1, 2008 through December 31, 2008)**

The effect of unprofitable project of ISB Brains Co., Ltd., ISB Corporation's consolidated subsidiary on the non-consolidated business results is now being assessed. The details will be announced as soon as the results have been finalized.

*** Explanation regarding appropriate use of business forecasts and other special instructions**

As mentioned above, the business forecasts are now being assessed and will be announced as soon as the results have been finalized. For details, please see "3. Consolidated business forecasts" on page 4.

【Results of Operations and Financial Conditions】

1. Consolidated results of operations

In the first quarter of the fiscal year, there was an uncertainty over the Japanese economy since the corporate earnings were at a standstill due mainly to the turmoil in the western financial markets attributable to the subprime loan problems, escalating crude oil prices and appreciation of the yen.

In the information services industry, although orders increased due to increase in capital investment, there were manpower shortages and requests for reduction of unit price of orders which led to a severe situation.

In this environment, ISB Group expanded the existing business in the finance sector as well as order volume in the distribution and manufacturing sector. However, although ISB was able to expand base-station business in its mobile communication control sector which is its strength, the pace of development of its core mobile phones slowed down. As a result, net sales decreased ¥129 million (down 3.8%) year-on-year to ¥3,247 million.

Regarding profit, ISB conducted a review of low-profit transactions and thorough project management but ordinary income decreased ¥196 million (down 51.7%) year-on-year to ¥183 million and net income decreased ¥122 million (down 59.8%) year-on-year to ¥82 million.

2. Consolidated financial condition

(1) Assets, liabilities and net assets

Assets were ¥7,919 million, an increase of ¥38 million compared with the same period a year earlier. This is due mainly to increases of notes and accounts receivable and securities.

Liabilities were ¥3,037 million, an increase of ¥15 million compared with the same period a year earlier. This was due mainly to an increase of reserve for bonuses.

Net assets were ¥4,881 million, an increase of ¥22 million compared with the same period a year earlier. This was mainly because of an increase in retained earnings.

There were no changes to 61.7% equity ratio from the same period a year earlier.

(2) Cash flows

Cash and cash equivalents (hereafter called “funds”) for the first quarter declined by ¥108 million. As a result, a fund balance at the end of the previous consolidated fiscal year (December 31, 2007) was ¥1,737 million and therefore, the fund balance at the end of the first quarter amounted to ¥1,629 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥476 million (a ¥219 million increase in the same period a year earlier). This increase was mainly because increase in funds for ¥185 million in income before income taxes, ¥290 million in reserve for bonuses and ¥283 million decrease in other current assets exceeded the decrease in funds for a ¥199 million decrease in other current liabilities.

(Cash flows from investing activities)

Net cash used in investing activities was ¥344 million (a ¥110 million decrease in the same period a year earlier). This was due mainly to a payment of ¥344 million for the acquisition of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥239 million (a ¥108 million decrease in the same period a year earlier). This was due mainly to a payment of ¥124 million in dividend and a payment of ¥115 million for the acquisition of

treasury stock.

3. Consolidated business forecast

With regard to consolidated business forecast, ISB Brains Co., Ltd., ISB consolidated subsidiary is expecting an unprofitable project of its entrusted software development project which the Company anticipated to post sales during the current first half. A revision to the 2008 consolidated forecasts is necessary since ISB is expecting an impact of about 320 million yen on sales, operating income and ordinary income of an unprofitable project.

The other factors which are now being assessed will be announced as soon as the results have been finalized.

4. Others

(1) Changes in significant subsidiary during the period (changes in specified subsidiary accompanying changes in the scope of consolidation)

No suitable information provided

(3) Adoption of simplified accounting methods

The simplified method is used in some parts for posting corporate taxes, etc.

(4) Changes in accounting treatment compared to most recent consolidated fiscal year

(Depreciation method of tangible fixed assets)

In accordance with the amendment to corporate tax law, method of depreciation stipulated in the revised corporate tax law is used for tangible fixed assets acquired on April 1, 2007 onward.