

*April 25, 2008*

**ISB Announces Extraordinary Loss and Revisions to  
2008 First Half and Full-year Forecasts**

ISB Corporation reported the need for a revision to the 2008 consolidated forecasts in its announcement of financial and operating results for the first quarter of 2008. The reason is an anticipated impact of about 320 million yen on sales, operating income and ordinary income of an unprofitable software development project at consolidated subsidiary ISB Brains. ISB has now determined that this project will cause reductions of 325 million yen in consolidated sales, operating income and ordinary income in the first half of 2008. On a non-consolidated basis, there will be an extraordinary loss of 360 million yen.

Due to these factors, ISB has made the following revisions to consolidated and non-consolidated forecasts for the first half of the fiscal year ending December 2008 and fiscal year ending December 2008 (Jan. 1 through Dec. 31, 2008).

**1. Extraordinary loss**

The unprofitable project at ISB Brains will result in negative equity at this company. As a result, ISB will post an extraordinary loss of 360 million yen, the sum of a 330 million yen addition to the allowance for doubtful accounts with respect to loans made to this subsidiary and a valuation loss on ISB Brains stock of 30 million yen, which is 100% of this company's capital. ISB will record this extraordinary loss in the first half of 2008 on its non-consolidated income statement, but not on the consolidated income statement. In addition, ISB plans to record a valuation loss of 18 million yen on investment securities due to the subprime loan crisis.

Collectively, these actions will result in a consolidated extraordinary loss of 77 million yen and a non-consolidated extraordinary loss of 378 million yen.

**2. Extraordinary gain**

In previous years, ISB has had a retirement benefit system that included one-time retirement payments and a qualified pension system. The company will change this system on April 1, 2008 by converting the one-time payment and qualified pension systems into a defined contribution pension plan.

The switch to this plan will result in a consolidated and non-consolidated extraordinary gain of 90 million yen in the first half of 2008 because of a gain on the termination of the previous retirement benefit system.

**3. Revisions to consolidated forecasts for 2008**

(1) First half (January 1 to June 30, 2008)

(yen in millions)

	Net sales	Operating income	Ordinary income	Income before taxes	Net income	Earnings per share (yen)
Previous forecast (A)	6,750	380	400	400	210	48.78
Revised forecast (B)	6,350	-73	-58	-44	-55	-13.17
Change (B-A)	-400	-453	-458	-444	-265	—
Pct. (%)	-5.9	—	—	—	—	—

(1) Full year (January 1 to December 31, 2008)

(yen in millions)

	Net sales	Operating income	Ordinary income	Income before taxes	Net income	Earnings per share (yen)
Previous forecast (A)	14,400	970	1,000	1,000	530	123.11
Revised forecast (B)	13,300	450	480	493	220	52.68
Change (B-A)	-1,100	-520	-520	-507	-310	—
Pct. (%)	-7.6	-53.6	52.0	-50.7	58.5	—

(3) Reasons for consolidated forecast revisions

(First half)

The sales forecast has been lowered by 400 million yen to 6,350 million yen because of an unprofitable project at consolidated subsidiary ISB Brains and the termination of mobile device development activities and reduction in product development expenditures by a large manufacturer.

The operating income forecast has been lowered by 453 million yen to a loss of 73 million yen because of the unprofitable project at ISB Brains and the downturn in mobile device development activities.

The ordinary income forecast has been lowered by 458 million yen to a loss of 58 million yen for the same reasons as for the operating income revision.

Due to the extraordinary gain of 90 million yen on the change in the pension system and an extraordinary loss of 77 million yen in addition to the above charges, ISB has reduced the net income forecast by 265 million yen to a loss of 55 million yen.

(Full year)

The net sales forecast has been reduced by 1,100 million yen to 13,300 million yen because ISB expects the decline in mobile device development sales to continue in the second half and anticipates that sales at subsidiaries will be less than originally forecast.

The operating income forecast has been lowered by 520 million yen to 450 million yen because of the lower sales forecast.

The ordinary income forecast has been lowered by 520 million yen to 480 million yen for the same reason.

The revised net income forecast is 220 million yen, 310 million yen less than the original forecast.

**4. Revisions to non-consolidated forecasts for 2008**

(1) First half (January 1 to June 30, 2008)

(yen in millions)

	Net sales	Operating income	Ordinary income	Income before taxes	Net income	Earnings per share (yen)
Previous forecast (A)	6,100	360	370	370	200	46.45
Revised forecast (B)	5,900	214	230	-58	-65	-15.56

Change (B-A)	-200	-146	-140	-428	-265	—
Pct. (%)	-3.3	-40.6	37.8	—	—	—

(1) Full year (January 1 to December 31, 2008)

(yen in millions)						
	Net sales	Operating income	Ordinary income	Income before taxes	Net income	Earnings per share (yen)
Previous forecast (A)	13,000	900	935	935	490	113.82
Revised forecast (B)	12,200	710	740	452	190	45.50
Change (B-A)	-800	-190	-195	-483	-300	—
Pct. (%)	-6.2	-21.1	-20.9	-51.7	-61.2	—

(3) Reasons for non-consolidated forecast revisions

(First half)

The sales forecast has been lowered by 200 million yen to 5,900 million yen. The reason is a larger than expected decline in new orders due to the termination of mobile device development activities and reduction in product development expenditures by a large manufacturer.

The operating income forecast has been lowered by 146 million yen to 214 million yen because of the downturn in mobile device development activities.

The ordinary income forecast has been lowered by 140 million yen to 230 million yen for the same reasons as for the operating income revision.

Due to the extraordinary gain of 90 million yen and the extraordinary loss of 378 million yen, ISB has lowered the net income forecast by 265 million yen to a loss of 65 million yen.

(Full year)

The net sales forecast has been reduced by 800 million yen to 12,200 million yen because ISB expects the decline in mobile device development sales to continue in the second half.

The operating income forecast has been lowered by 190 million yen to 710 million yen because of the lower sales forecast.

The ordinary income forecast has been lowered by 195 million yen to 740 million yen for the same reason.

Due to the extraordinary gain of 90 million yen and the extraordinary loss of 378 million yen, ISB has lowered the net income forecast by 300 million yen to 190 million yen.

## 5. Year-end dividend

As stated in the earnings distribution policy and dividend section of ISB's 2007 earnings report (*kessan tanshin*) released on February 14, 2008, ISB plans to pay a dividend of 35 yen per share (ordinary dividend of 15 yen and special dividend of 20 yen) applicable to 2008.

Note: Forecasts and other forward-looking statements in this document are based on assumptions that management believes are reasonable based on information that is currently available. Actual results may differ from these forecasts for a number of reasons.