

FOR IMMEDIATE RELEASE

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JOINT CORPORATION ANNOUNCES 2006 FIRST QUARTER RESULTS

Tokyo, Japan – [July 27, 2006] – Joint Corporation (“Joint”) (TSE: 8874), today announces the results of its operations for the first fiscal quarter ended June 30, 2006. The results are unaudited and prepared in accordance with Japanese GAAP.

Consolidated Financial Highlights for the First Quarter ended June 30, 2006

(¥ million, except EPS)	June 30, 2006	June 30, 2005	Y o Y change (%)
Revenue	34,650	21,234	+63.2
Operating income	4,956	1,529	+224.1
Ordinary income	4,492	1,006	+346.2
Net income	2,741	529	+417.5
EPS	62.83	28.48	+120.6

Consolidated Financial Position

(¥ million)	June 30, 2006	June 30, 2005
Total assets	227,172	180,403
Shareholders' equity	64,825	33,990
Shareholders' equity ratio (%)	28.0	18.8
Shareholders' equity per share (¥)	1,485.47	1,825.77

Consolidated Cash Flows Position

(¥ million)	June 30, 2006	June 30, 2005
Cash flows from operating activities	29,529	16,752
Cash flows from investing activities	1,092	1,787
Cash flows from financing activities	18,704	7,815
Cash and cash equivalents	20,132	24,597

The statements included above and elsewhere in this news release that are not historical in nature are “forward-looking statements”. Joint Corporation cautions readers that forward-looking statements are based on the Company’s current expectations and involve a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements.

Financial Results by Segment

(¥ million)	Revenue	Share (%)
Condominium development	17,177	49.6
Securitization development	13,704	39.6
Leasing	1,847	5.3
Property management	974	2.8
Other	945	2.7

Financial Forecasts for Year ending March 31, 2007

(¥ million except EPS)	
Revenue	160,000
Ordinary income	16,500
Net income	9,400
EPS	215.46

[Qualitative information on consolidated operating performance]

The revenue for the first three months of fiscal year ending March 31, 2007, 34,650 million yen, amounts to 21.7% of full year forecast, 160,000 million yen. Our business has performed according to our plan.

About Joint

Joint Corporation (“Joint”) has three businesses; Securitization development, Condominium development and other (combining “leasing”, “property management” and “other”) business. Founded in 1986, Joint has provided over 15,000 units of condominiums by focusing on central and southern area of Tokyo. Since 2001, Joint has started to develop and sell residential, commercial and other properties to REITs and real estate investors. Joint was listed on the Japanese OTC market (JASDAQ) in 1998 and has been traded on the Tokyo Stock Exchange (TSE) first section since 2001 under ticker 8874.

Corporate Headquarter

2-10-11 Meguro, Meguro-ku, Tokyo, Japan 153-0063

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Consolidated Balance Sheets for the First Quarter ended June 30, 2006

(¥ million, %)

	June 30, 2006	June 30, 2005	Y o Y change		(Reference) March 31, 2006
				(%)	
(Assets)					
Current assets					
1 Cash and time deposits	20,833	24,612	3,777	15.3	32,730
2 Trade accounts receivable	1,194	863	330	38.2	1,406
3 Inventories	179,664	137,632	42,032	30.5	159,029
4 Other current assets	13,456	7,560	5,895	78.0	12,140
Allowance for doubtful accounts	44	133	89	66.9	96
Total current assets	215,104	170,535	44,569	26.1	205,209
Fixed assets					
1 Tangible fixed assets	4,676	5,072	395	7.8	4,794
2 Intangible fixed assets	508	480	27	5.7	535
3 Investments and other assets	7,043	4,348	2,695	62.0	7,119
Allowance for doubtful accounts	160	34	126	369.7	32
Total fixed assets	12,067	9,867	2,200	22.3	12,416
Total assets	227,172	180,403	46,769	25.9	217,625

(Liabilities)					
Current liabilities					
1 Trade accounts payable	12,288	5,318	6,970	131.1	16,676
2 Short-term bank loans	63,911	47,064	16,846	35.8	46,476
3 Bond due within one year	8,225	2,705	5,520	204.1	9,325
4 Advances and deposits received	4,281	3,674	606	16.5	4,613
5 Other current liabilities	10,446	7,148	3,297	46.1	13,276
Total current liabilities	99,153	65,911	33,242	50.4	90,367
Long-term liabilities					
1 Bond	9,567	14,814	5,246	35.4	9,630
2 Long-term debt due after one year	45,168	38,505	6,662	17.3	46,359
3 Reorganization claims payable	-	24,537	24,537	100.0	-
4 Other long-term liabilities	8,456	1,990	6,466	324.9	8,641
Total long-term liabilities	63,193	79,847	16,654	20.9	64,630
Total liabilities	162,346	145,759	16,587	11.4	154,998
(Minority interests in consolidated subsidiaries)					
Minority interests in consolidated subsidiaries	-	653			1,043
(Shareholders' equity)					
Common stock	-	7,672			15,800
Capital surplus	-	7,559			15,687
Retained earnings	-	19,109			30,230
Net unrealized gains on other securities	-	0			28
Foreign currency translation adjustments	-	-			-
Treasury stock	-	351			105
Total shareholders' equity	-	33,990			61,584
Total liabilities and shareholders' equity	-	180,403			217,625

	June 30, 2006	June 30, 2005	Y o Y change		(Reference) March 31, 2006
				(%)	
(Net assets)					
Shareholders' equity					
1 Common stock	15,800	-			-
2 Capital surplus	15,692	-			-
3 Retained earnings	32,315	-			-
4 Treasury stock	97	-			-
Total shareholders' equity	63,710	-			-
Unrealized gains					
1 Net unrealized gains on other securities	32	-			-
2 Unrealized gains on hedging contract	14	-			-
Total unrealized gains	17	-			-
Stock acquisition rights	-	-			-
Minority interests in consolidated subsidiaries	1,097	-			-
Total net assets	64,825	-			-
Total liabilities and net assets	227,172	-			-

Consolidated Statements of Income for the First Quarter ended June 30, 2006

(¥ million, %)

	June 30, 2006	June 30, 2005	Y o Y change		(Reference) March 31, 2006
				(%)	
Net sales	34,650	21,234	13,415	63.2	136,720
Cost of sales	25,200	17,325	7,875	45.5	107,741
Gross income	9,449	3,908	5,540	141.7	28,978
Selling, general and administrative expenses	4,493	2,379	2,113	88.8	12,906
Operating income	4,956	1,529	3,426	224.1	16,072
Non-operating income					
1 Interest income	19	3	16	481.7	17
2 Other	185	51	134	260.8	207
Non-operating expenses					
1 Interest expense	424	455	30	6.7	2,080
2 Other	244	121	122	100.4	1,207
Ordinary income	4,492	1,006	3,485	346.2	13,009
Extraordinary gains					
1 Gain on disposal of fixed assets	25	0	25	-	209
2 Other	-	-	-	-	8,158
Extraordinary losses					
1 Loss on disposal of fixed assets	10	0	10	-	16
2 Other	-	48	48	100.0	12
Income before income taxes and others	4,506	957	3,549	370.7	21,348
Corporate income, residential and enterprise taxes	1,239	394	844	214.2	9,535
Adjustment for income taxes	477	11	465	-	533
Minority interests	49	22	27	121.7	417
Net income	2,741	529	2,211	417.5	11,928

Consolidated Statements of Cash Flows for the First Quarter ended June 30, 2006

(¥million)

	June 30, 2006	June 30, 2005
Cash flows from operating activities		
Income before income taxes	4,506	917
Depreciation and amortization	71	55
Increase in inventories	19,441	6,573
Increase in trade notes and accounts payable	4,387	11,003
Increase in advances paid for purchases	1,236	268
Increase in advances and deposits received	331	838
Other	734	1,394
Total	21,552	14,104
Interest and dividends received	103	21
Interest paid	497	343
Income taxes paid	7,582	2,325
Net cash provided by (used in) operating activities	29,529	16,752
Cash flows from investing activities		
Increase in loan receivable	1,041	1,848
Others	50	61
Net cash provided by (used in) investing activities	1,092	1,787
Cash flows from financing activities		
Increase in short-term bank loans and debt	17,945	10,157
Increase in long-term bank loans and debt	2,290	1,941
Increase in reorganization claims payable	-	173
Cash dividend paid	509	261
Other	3,560	34
Net cash provided by (used in) financing activities	18,704	7,815
Net increase in cash and cash equivalents	11,916	7,149
Net increase in cash and cash equivalents due to change in scope of consolidation	53	-
Cash and cash equivalents at beginning of year	31,995	31,747
Cash and cash equivalents at quarter-end	20,132	24,597