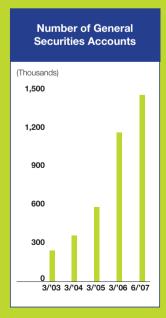
PROFILE

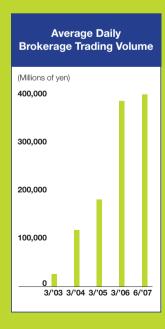
By operating as the on-line comprehensive securities company that offers the industry's lowest brokerage commission levels and highest service quality levels, SBI E*TRADE SECURITIES Co., Ltd., is working to achieve sustained growth in its business scale and enhance its corporate value.

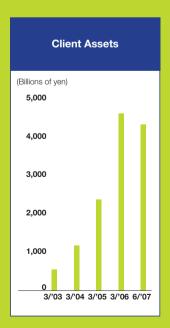
SBI E*TRADE SECURITIES' Performance

A core securities company in the SBI Group, which is expanding a broad array of financial businesses, SBI E*TRADE SECURITIES engages in five core businesses, including three financial businesses—"brokerage and investment banking," "asset management," and "financial services"—as well as two other businesses—"housing and real estate" and "lifestyle-related networks."

A pioneer in the field of on-line securities business in Japan, SBI E*TRADE SECURITIES is committed to a customer-oriented business philosophy that underlies its efforts to consistently offer the industry's lowest brokerage commission levels and highest service quality levels. This approach has enabled the Company to maintain its position as the top specialized on-line securities company in Japan in terms of customer account numbers, brokered trading value, and the value of assets in custody. In fiscal 2006, the Company's share of Japan's retail market reached the record high level of 29.4%.







Current and Future Business Strategies

Building on its overwhelming market share, SBI E*TRADE SECURITIES is focusing on expanding both brokerage business and investment banking business. During fiscal 2005, the Company participated in the underwriting of initial public offerings (IPOs) for 121 companies, or almost 60% of the total number of IPOs in Japan, making it the second most active securities company in terms of participation in IPOs, and the Company was the lead underwriter for the IPOs of 3 companies during fiscal 2006. In the future, plans call for the Company to prepare for the full-scale expansion of investment banking operations, including the provision of support for companies' post-IPOs and other corporate fund procurement measures by leveraging close cooperation with the SBI Group to provide diverse sophisticated services.

In October 2007, SBI E*TRADE SECURITIES is scheduled to merge with SBI Securities Co., Ltd., which has a network of 27 offices in Japan. Following the merger, the Company will utilize these real offices as a face-to-face marketing channel that facilitates marketing activities responsive to individual customers' special needs, the provision of additional services to corporate customers, and the progressive supplementation of various other resources in areas where on-line securities companies tend to have insufficient capabilities. The merged company will seek to create a new business model as a pioneering "Internet-based real securities company" — Japan's first on-line securities company to also operate a network of brick-and-mortar sales offices.

As Japan's leading on-line securities company, SBI E*TRADE SECURITIES will continue emphasizing the large-scale reduction of investment costs as well as the provision of appealing investment opportunities/products, an abundance of high-quality investment information, and transactional security. In these ways, the Company intends to help boost the profits of investors as it strives to maximize its own stock price and corporate value while also contributing to the development of financial markets and the invigoration of Japan's economy.

Forward-looking statements

This annual report contains statements about such topics as the Company's current plans, outlook, and strategies, and the portions of those statements that are not historical facts are forward-looking statements. In accordance with the Company's current management policies, these forward-looking statements are made based on currently available information and on assumptions that the Company judges to be rational. Consequently, the forward-looking statements are subject to diverse risks, including, but not limited to, risks related to economic trends in principal markets, trends in demand for services, and fluctuations in currency exchange rates. Because of these factors, actual results may differ greatly from those projected in this annual report.

CONTENTS

Financial Highlights	2	Management's Discussion	
To Our Shareholders	3	and Analysis	14
Overview of Operations	4	Financial Statements	26
An Interview with the President	6	Corporate Officers/History	50
Topics	11	Corporate Data/ Investor Information	51
Corporate Governance	12		