

MOTHERS 3623 Billing System CorporationSector: Information
& Communication

18-Jun-08

Company contributing to streamline users' burdensome settlement operation by single platform

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Company profile

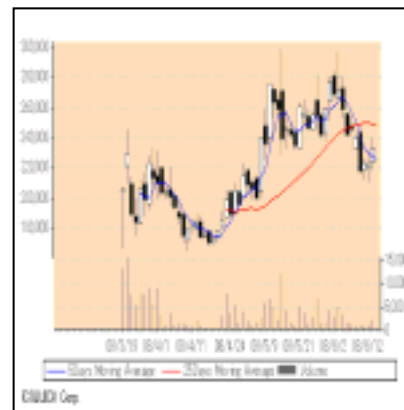
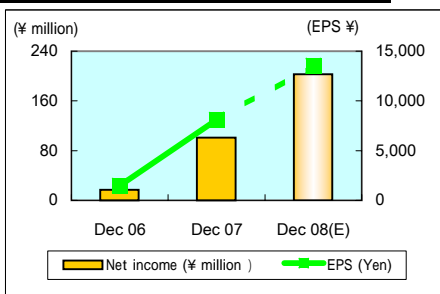
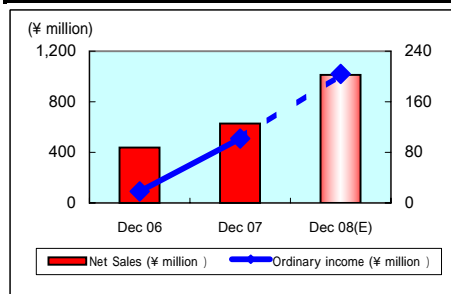
Representative Toshihiko Eda
Head Office 2-10-1, Shibakoen, Minato-ku, Tokyo 105-0011
Business line A company providing online transaction settlement services.
Shares issued 13,203 shares (12/31/2007)
 Special owners 65.7%, Foreign owners 2.5%, Japanese Funds 0.0%
Major Holders Toshihiko Eda 10.2%, SFCG CO., LTD. 6.8%, NTT DATA CORPORATION 6.8%,
 Mitsubishi UFJ Capital Co., Ltd 6.5%, Takashi Kubokoya 6.2%, Kazuyoshi Kato

URL: <http://www.billingjapan.co.jp/>

Established June 2000
Listed March 2008

13-Jun-08
Stock price (¥) 233,000
PER(E) 18.4
ROE(E) 26.7%
Market cap (¥ million) 3,612
Volume 2,261
Trade Unit 1

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (¥)	EPS (¥)	ROE (%)
Dec 06	439	18	17	0	1,477	3.6
Dec 07	628	102	101	0	8,104	16.1
Dec 08(E)	1,013	204	203	0	13,546	26.7
May 08 (Interim)	403	49	48			

**Industry trend**

Japanese B to B EC market expanded to ¥231 trillion (YoY 3.5%) in 2006. Manufacturing and wholesale account for 57.1% and 30.9% of the total sales respectively. This seems to be due to the widespread use of Web-EDI. Japanese B to C EC market expanded to ¥4.4 trillion (YoY 27.1%) in 2006. IT (including digital contents delivery) and retail (including major mail order) account for 27.1% and 22.5% of the total sales respectively. Recently, repeat purchase of commodity (rice, water, soy sauce etc.), purchase of items available at real shops and purchase of low price items is increasing. The effects of EC sales are quicker operation and shorter biz meeting. The effects of EC purchase are quicker operation and less costs and staff. The preventive measures for trouble of many B to C EC companies are limited to in-house ones. Only few companies use third party measures such as escrow service. However, consumers expect the companies to provide safe and reliable payment method. Currently, consumers use credit card most frequently and use rarely escrow service. (source : The Ministry of Economy, Trade and Industry "Survey of EC market for 2006")

Business strategy

Billing System Corporation conducts settlement service using internet. Outsourcing and consulting business account for 73% and 27% of the total sales for FY December 2007 respectively. Main outsourcing business are ①quick credit service for internet-only securities firm and FX firm ②credit card settlement for mail order business and agency payment service for convenience store. Main consulting business are system development for lump settlement with plural financial institutions and support service for settlement streamlining. In 2001, the company accepted an order of settlement without ticket for JAPAN AIRLINES (9205) and then started integration of billing system with financial institutions. After that, order for settlement system from internet-only securities firm and FX firm increased. The company started to provide agency payment service for automobile liability insurance of non-life insurance firm in 2004 and agency payment service for Otsuka Corporation (4768) in 2005. The company is going to provide agency payment service in affiliation with Conscious Corporation, provider of carbon offset program. The business results forecast for FY Dec. 2008 is as follows. Sales ¥1,013 million (YoY 61.3%). Ordinary income ¥204 million (YoY 100.0%) Net income ¥203 million. (YoY 101.0%). (reference : Weekly Diamond June 14, 2008 issue "entrepreneur")

Corporate analysis by IR STREET

Strength	Opportunity
1.Settlement platform connecting with plural financial institutions (ASP service)	1.Expansion of Japanese EC market
2.Integration of credit confirmation operation into system	2.Settlement operation required by all the industry--All the companies are potential customer
3.Increase of customers' transaction--Increase of sales	3.Strong needs for unification of settlement with plural financial institutions
Weakness	Risk
1.Heavy reliance on CEO	1.Trend of financial market (stock, foreign exchange etc.)
2.Securement of employees	2.Trend of business strategy of alliance partners (especially, customer development)
3.Resources for system reinforcement (funds, employees etc.)	3.Trend of system operation environment (security, new technology etc.)

Peer comparison

	Fiscal Year end	Sales (¥ million)	YoY (%)	Ordinary income (¥ million)	YoY (%)	Ordinary income ratio (%)	EPS (¥)
Billing System	Dec 08(E)	1,013	61.3%	204	100.0%	20.1%	13,546
WELLNET Corporation(2428)	Jun 08(E)	23,500	16.7%	560	71.3%	2.4%	4,059
ECONTEXT,INC(2448)	Jun 08(E)	2,800	8.7%	562	-14.7%	20.1%	4,063
SBI VeriTrans Co., Ltd.(3749)	Mar 09(E)	4,800	29.6%	950	24.5%	19.8%	3,167
GMO Payment Gateway, Inc.(3769)	Sep 08(E)	2,305	18.5%	750	16.3%	32.5%	5,021

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