

(Attachment)

(Translation)

Business Report

(From January 1, 2009 to December 31, 2009)

1. Business Review

(1) Process and Results of Business Operations of the Group

Despite economic trends in some major countries seemed to be still recovering from the overall global recession caused by Lehman Shock partly, the world economy during this term from January 1 to December 31, 2009, showed signs that it was finally emerging from a disastrous economic standpoint. Positive signs include the fact that U.S. banks repaid public funds and enterprises were returning to profitability; at the Federal Open Market Committee, the FRB (Federal Reserve Board) stated that “the deterioration in the labor market is abating”; and emerging countries such as China and India achieved economic progress. Not everything was so affirmative though. The U.S. budget deficit is still at an all-time high. Also G7 expressed concern about the excess volatility and disorderly movements in exchange rates in October, then it linked to Dubai crisis which was caused a global rapid weak US dollar in November. In addition, there have still no signs of improvement in the unemployment rate and personal consumption. Because of this, it is still too early to confirm that the real economy has improved.

The Japanese economy showed signs of recovery. Although Japan's GDP growth was in the negative numbers even before Lehman's fall, it moved into the positive numbers during April-June period and through the end of this year. However, consumer price index for Japan in December 2009 fell for the tenth consecutive month. The Japanese government formally declared that the nation is in a period of deflation. Though it appeared that the recession had bottomed out, it may be only temporary. The Japanese economy faced a long road to a strong and autonomous fiscal recovery during 2009.

The network security industry is also changing as cyber criminals move away from mass attacks to much targeted ones with a specific purpose for monetary gain and data-stealing. At the same time, their target has shifted from the general public to specific targets. As a result, virus infections have decreased. According to the virus infection damage incident report, Japan reported 45,310 infections during this annual term of 2009, a 20.3 percent decrease from 2008, which had 56,880 reports. On the whole, Web threats, which stem from the Internet and can be deployed unknowingly by the user just by opening a Web page, has become a staple for network attack techniques. It hits and change much sites into trigger damaged sites. Those damages have been reported many infections related to defaced sites as typified by Gumblar which has gotten a lot of media coverage in Japan, too. Also as we have been alerted, social engineering techniques used by cyber criminals are also becoming more sophisticated. Malicious codes which determinably aim to information stealing have always been tops the list. As the results of trend in 2009, good technology isn't enough because even the most secure systems can be vulnerable. Users must also practice safe habits such as being on the alert for security information, setting safe passwords, understanding their security infrastructure, administering security patches when they are available, and making sure they have the most up-to-date security products available.

Under such an environment, our group's business conditions are as follows:

Although it was drastically affected by the weak world economy, Japan was the only country that achieved an increase in sustainable growth. The Enterprise business unit hangs on flat sales from the same period last year and the consumer business unit's sales performed well,

which was caused by an increased market share. Sales for this period in Japan was 39,740 million yen.

In North America, even though sales achieved year-by-year healthy growth in local currency, it slightly declined due to the decline of the dollar against the yen. Despite a weak US dollar, the consumer business unit still showed substantial double-digit growth. As the result, sales for this period in North America was 25,339 million yen.

For the EMEA region, sales showed a slight decline, year-by-year in local currency. However, the region had a double-digit decline caused by a significantly weak Euro. In this region, the enterprise business unit dominated sales revenue. The consumer business unit is still in its early stages of development so only little sales numbers are currently available. Unlike Japan or North America, EMEA is unable to cover enterprise sales decline with consumer sales.

Under such a situation, sales for this period in EMEA was 20,174 million yen.

In the Asia and Pacific region, though Australia which assumes a leading most of sales shows substantial growth in local currency based, whole region sales including other countries negatively affected this region's sales growth much. Net sales for this period in APAC came to 8,377 million yen.

In Latin America, sales in both Brazil and Mexico achieved double-digit growth in local currency. However, due to a substantially stronger yen, this region net sales was 2,716 million yen.

As a result, the consolidated net sales for entire year 2009 came to 96,346 million yen.

Though cost of sales and operating expenses totaled 66,209 million yen due to a decrease in salary and outside services, etc including the benefits of a strong yen, it could not make up for the decline of net sales. As a result, consolidated operating income for this period decreased to 30,137 million yen.

The consolidated ordinary income for this period was 31,714 million yen and the consolidated net income for this period was 17,638 million yen.

(2) Capital Expenditure

The total amount of capital expenditure for the Consolidated Financial term under review was 2,284 million yen which was invested mainly in development of new technologies and acquisition of instruments necessary to rationalize the basic operation systems including servers, PCs and peripheral devices.

(3) Financing

There are no special instructions.

(4) Issues to Deal With

In the antivirus industry, there have been two competitors gaining a respectable degree of market share in the U.S. In addition to our direct competitors, Microsoft Corporation, a major operating system software vendor, has entered into the security market. We anticipate that their presence in the security market will make the competition in the market more intense.

Although Microsoft Corporation has already discontinued selling it, they had launched "Windows Live™ OneCare™," a subscription-based security service for consumers in 2006. Instead, Microsoft launched "Microsoft® Security Essentials" to offer the free software that guards against viruses, spyware, and other malicious software for including "Microsoft® Windows® 7" in October, 2009. On the other hand, Microsoft has been offering a service called "Microsoft® Forefront™ Client Security" for corporate users since 2007.

In response to such intense competition, we are enhancing our wide range of technologies to better combat the latest Web Threats through the acquisition of InterMute Inc. in 2005 for antispymware technologies; Kelkea Inc. in 2007 for IP filtering and reputation services; Provilla, Inc. in 2007 for data leak prevention (DLP); Identum in 2008 for email encryption technology; and Third Brigade Inc. in 2009 for Host Intrusion Prevention System (HIPS).

Through a series of acquisitions above organically-bonded, Trend Micro plans to provide services and products through a next generation cloud-client content security infrastructure called the "Trend Micro Smart Protection Network™", designed to protect customers from Web Threats, from March 2009. Trend Micro Smart Protection Network™ correlates Web, email and file threat data using reputation technologies and continuously updated in-the-cloud threat

databases to detect, analyse and protect customers from the latest threats. By introducing fast, real-time security status “look-up” capabilities in-the-cloud, Trend Micro reduces dependence upon conventional pattern file downloads on the endpoint, as well as the cost and overhead associated with corporate-wide pattern deployments. Moreover, Trend Micro will shift “Protection From the Cloud” to “Protection for the Cloud,” contribute to further value. We will provide security products and services for virtualization and cloud environment, and network devices which become diversified. Trend Micro will advance as an innovative company without sticking to former ways and conventional measure.

We will continue to concentrate management resources on developing original, high-performance solutions that address customer pain points faster than the competitors. At the same time, we continue to pursue long-term growth with a stable financial foundation, strengthen our commitment to customers, as well as develop marketing campaigns that target customer needs and customer buying behaviour.

(5) Business Results and Changes in Financial Conditions

Item \ Fiscal Year	The 18 th Term ended December 2006	The 19 th Term ended December 2007	The 20 th Term ended December 2008	The 21 st Term ended December 2009
Net Sales (millions of yen)	85,613	99,805	101,707	96,346
Ordinary Income (millions of yen)	31,902	38,096	33,640	31,714
Net Income (millions of yen)	19,327	23,561	19,247	17,638
Net Income per share (in Yen)	144.26	176.95	143.88	132.16
Total Assets (millions of yen)	165,948	201,052	178,766	203,887
Net Assets (millions of yen)	90,635	110,730	98,846	108,643

(6) Status of Important Subsidiaries

Company Name	Capital	Shareholding Ratio	Primary Business
Trend Micro Incorporated (Taiwan)	212,500,000 Taiwan dollars	100%	Development and sale of security-related products
Trend Micro Inc. (U.S.A.)	477,250.67 US dollars	100%	Development and sale of security-related products
Trend Micro Australia Pty.Ltd. (Australia)	150,000 Australia dollars	100%	Sale of security-related products
Trend Micro (EMEA) Limited (Ireland)	400,000 Euro	100%	Provision of business support for subsidiaries and sale of security-related products

(Notes) The consolidated accounts cover all subsidiaries and affiliated companies, which consist of 23 consolidated subsidiaries including the aforementioned 4 important subsidiaries and two equity method affiliates.

(7) Primary Business of the Group

Development and sale of security-related software for computers and the Internet.

(8) Primary Offices of the Group

Head Office: Shibuya-Ku, Tokyo

Branch Offices: Osaka Office (Yodogawa-Ku, Osaka)
Fukuoka Office (Hakata-Ku, Fukuoka)
Nagoya Office (Naka-Ku, Nagoya)

Overseas Subsidiaries: Trend Micro Incorporated (Taiwan)
Trend Micro Inc. (U.S.A.)
Trend Micro Australia Pty.Ltd. (Australia)
Trend Micro (EMEA) Limited (Ireland)

(9) Employees

Name of Divisions	Number of Employees
Sales Division	906
Marketing Division	302
Product Support Division	1,338
Research and Development Division	1,206
Administration Division	682
Total	4,434

2. Status of Shares

- (1) Total Numbers of Shares authorized to be issued by the Company:
250,000,000 shares
- (2) Total Number of Outstanding Shares:
133,451,470 shares (Excluding treasury stock of 6,841,534 shares)
- (3) Number of Shareholders: 5,669
- (4) The top 10 Shareholders

Name of Shareholders	Number of Shareholding	Shareholding Ratio(%)
Trueway Company Limited	18,418,000	13.80
The Master Trust Bank of Japan, Ltd.(Trust Account)	9,240,700	6.92
Japan Trustee Services Bank, Ltd. (Trust Account)	7,640,400	5.72
Gainway Enterprise Co., Ltd.	5,684,000	4.25
Nomura Singapore Limited Account Nominee FJ 1309	5,469,000	4.09
Chang, Ming-Jang	5,208,000	3.90
MLPFS Custody	4,735,927	3.54
The Chase Manhattan Bank , N.A. London Secs Lending Omnibus Account	3,169,032	2.37
JP Morgan Securities Japan Co., Ltd.	2,955,500	2.21
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,929,800	2.19

(Notes) The Shareholding Ratio is calculated excluding treasury stock (6,841,534 shares) and rounded to the nearest hundredths.

(5) Other Important Matters concerning Stocks

In order to implement a flexible capital policy in response to changes in the management environment, the Company purchased 183,000 shares of treasury stock for 538,437,500 yen in total through market transactions from May 15, 2009 to May 26, 2009 (on a trade date basis) in accordance with the resolution passes at the Board of Meeting of the Company held on May 12, 2009 pursuant to Article 165, Paragraph 2 of the Companies Act and Article 7 of the Articles of Incorporation.

The Company has changed its share unit from 500 shares to 100 shares from September 1 2009 in accordance with the resolution passed at the Board of Meeting of the Company held on August 11 2009 pursuant to Article 195, Paragraph 1 of the Companies Act.

3. Matters Concerning Stock Acquisition Rights etc of the Company

(1) Status of Stock Acquisition Rights held by Directors at the End of the Current Term

(i) Number of stock acquisition rights

From Fifteenth to Twenty-third: 1,969

Twenty-fourth: 742

(ii) Number and Type of Shares subject to Stock Acquisition Rights

Common stock

From Fifteenth to Twenty-third: 984,500 shares

(500 shares per a stock acquisition right)

Twenty-fourth: 74,200 shares

(100 shares per a stock acquisition right)

(iii) Total stock acquisition rights held by Directors per each issuance

	Series (Exercise Price)	Exercise Period	Number of stock acquisition rights	Number of holders
Director (Except for Outside Director)	Fifteenth (3,840 yen)	July 21, 2010	470	3
	Sixteenth (3,950 yen)	December 13, 2010	235	4
	Seventeenth (3,995 yen)	July 9, 2011	33	1
	Eighteenth (3,610 yen)	November 7, 2011	45	1
	Nineteenth (4,780 yen)	September 13, 2012	373	3
	Twentieth (4,240 yen)	November 25, 2012	70	2
	Twenty-first (3,500 yen)	June 30, 2013	253	3
	Twenty-second (2,580 yen)	November 18, 2013	220	3
	Twenty-third (3,080 yen)	July 1, 2014	270	3
	Twenty-fourth (3,170 yen)	November 24, 2014	742	3

(Notes) Outside Directors and Corporate Auditors of the Company do not hold stock acquisition rights at the end of the current term.

(2) Status of Stock Acquisition Rights Granted in the Current Term

[Twenty-third Stock Option (Stock Acquisition Rights)]

(i) Number of stock acquisition rights issued: 5,017

(ii) Number and Type of subject shares:

Common Stock: 2,508,500 shares

(500 shares per a stock acquisition right)

(iii) Issue price of stock acquisition rights:

Without consideration

(iv) Exercise price of stock acquisition rights:
3,080 yen per a share

(v) Exercise Period
From July 2, 2010 to July 1, 2014

(vi) Total stock acquisition rights held by holders other than Directors of the Company

	Number of stock acquisition rights	Number of holders
Employee of the Company (Except for Directors of the Company)	538	218
Directors and employees of subsidiaries of the Company (Excluding Directors and employees of the Company)	4,209	1,454

[Twenty-fourth Stock Option (Stock Acquisition Rights)]

(i) Number of stock acquisition rights issued: 12,415

(ii) Number and Type of subject shares:
Common Stock: 1,241,500 shares
(100 shares per a stock acquisition right)

(iii) Issue price of stock acquisition rights:
Without consideration

(iv) Exercise price of stock acquisition rights:
3,170 yen per a share

(v) Exercise Period
From November 25, 2010 to November 24, 2014

(vi) Total of stock acquisition rights held by holders other than Directors of the Company

	Number of stock acquisition rights	Number of holders
Employee of the Company (Except for Directors of the Company)	1,342	171
Directors and employees of subsidiaries of the Company (Excluding Directors and employees of the Company)	10,331	1,159

(3) Other Important Matters concerning Stock Acquisition Rights

Status of Stock Acquisition Rights held by holders other than Directors at the end of the current term

(i) Number of stock acquisition rights
From Fifteenth to Twenty-third: 33,354
Twenty-fourth: 11,673

(ii) Type and Number of Shares subject to Stock Acquisition Rights
Common stock

From Fifteenth to Twenty-third: 16,677,000 shares

(500 shares per a stock acquisition right)

Twenty-fourth: 1,167,300 shares

(100 shares per a stock acquisition right)

(iii) Total stock acquisition rights held by holders other than Directors per each issuance

	Series (Exercise Price)	Exercise Period	Number of stock acquisition rights
Employees of the Company, Directors and employees of the subsidiaries of the Company	Fifteenth (3,840 yen)	July 21, 2010	4,231
	Sixteenth (3,950 yen)	December 13, 2010	3,811
	Seventeenth (3,995 yen)	July 9, 2011	2,380
	Eighteenth (3,610 yen)	November 7, 2011	2,741
	Nineteenth (4,780 yen)	September 13, 2012	3,767
	Twentieth (4,240 yen)	November 25, 2012	2,130
	Twenty-first (3,500 yen)	June 30, 2013	4,796
	Twenty-second (2,580 yen)	November 18, 2013	4,751
	Twenty-third (3,080 yen)	July 1, 2014	4,747
	Twenty-fourth (3,170 yen)	November 24, 2014	11,673

4. Matters Concerning Directors and Corporate Auditors in the Company

(1) Directors and Corporate Auditors

(As of December 31, 2009)

Name	Title in the Company and the Group	Status of Significant Position in Another Company
Chang Ming-Jang	Chairman and Representative Director	
Eva Chen	President and Representative Director/ CEO of Trend Micro Group	
Mahendra Negi	Representative Director/ COO & CFO of Trend Micro Group	
Akihiko Omikawa	Director, General Manager Japan Region, Global Solution Business, Global Consumer & Small Business	
Hiroataka Takeuchi	Director	Dean, Graduate School of International Corporate Strategy, Hitotsubashi University
Fumio Hasegawa	Full-time Corporate Auditor	
Sadatoshi Nakayama	Corporate Auditor	Public Accountant Sadatoshi Nakayama Accounting Office
Yasuo Kameoka	Corporate Auditor	Managing Partner and Representative Partner, Taiko Auditing Firm
Koji Fujita	Corporate Auditor	Attorney at Law, Okuno & Partners

- (Notes)
1. Sadatoshi Nakayama resigned his post on December 31, 2009.
 2. Mr. Hiroataka Takeuchi, Director, is an outside director under Article 2, item 15 of the Companies Act.
 3. All four Corporate Auditors are outside auditors under Article 2, item 16 of the Companies Act.
 4. Mr. Fumio Hasegawa, Corporate Auditor, has experiences in finance and accounting matters over the years. Mr. Sadatoshi Nakayama and Mr. Yasuo Kameoka, both Corporate Auditors, have qualification and experiences as certified public accountants. Mr. Koji Fujita, Corporate Auditor, has qualification as attorney and experiences in corporate rehabilitation and corporate legal affairs. All of them have appropriate knowledge as to finance and accounting matters.
 5. The candidate Hiroataka Takeuchi is the Dean, Graduate School of International Corporate Strategy, Hitotsubashi University and, as the head of the school, has entered into a “memorandum on scholarship for foreign students” with the Company aiming at the Company donating 1.75 million yen each year for

supporting foreign student. The term of the memorandum is for one year from September 1, 2009 through August 31, 2010.

(2) Remuneration, Etc. Paid to Directors and Corporate Auditors

Category	Number of persons	Amount of remuneration	Remarks
Director	5	256 (Yen in millions)	Our one outside director received 5 million yen.
Corporate Auditor	4	19 (Yen in millions)	All four Corporate Auditors are outside auditors.

(Notes) Remunerations paid to Directors include the amount of 110 million yen of stock options granted to Directors. (This does not apply to outside directors.)

(3) Matters concerning Outside Director and Outside Auditors

(i) Relationship between the Company and another Company where a director holds a Significant Position

The Company has entered into a “memorandum on scholarship for foreign students” with the Dean, Graduate School of International Corporate Strategy, Hitotsubashi University aiming at the Company donating 1.75 million yen each year for supporting foreign student. The term of the memorandum is for a year from September 1, 2009 through August 31, 2010.

The Company does not have any special relation with any of the companies described in “(1) Directors and Corporate Auditors”

(ii) Principal Activities of Outside Director and Outside Auditors during the Term under Review

Name	Attendance and Comments at the Meetings of the Board of Directors and the Meetings of the Board of Corporate Auditors
Hiroataka Takeuchi (Director)	Hiroataka Takeuchi attended 6 out of 10 meetings of the Board of Directors. He made comments as needed based on his expert knowledge on marketing, competition strategy, international business and knowledge management.
Fumio Hasegawa (Full-time Corporate Auditor)	Fumio Hasegawa attended all 10 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors. As necessary, he raised questions or expressed opinions in order to ensure the adequacy and appropriateness in making decisions at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors based on his experiences in finance and accounting matters over the years as a Full-time Corporate Auditor.
Sadatoshi Nakayama (Corporate Auditor)	Sadatoshi Nakayama attended 6 out of 10 meetings of the Board of Directors and 10 out of 14 meetings of the Board of Corporate Auditors. As necessary, he raised questions or expressed opinions in order to ensure the adequacy and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors based on his expert knowledge as a certified public accountant.
Yasuo Kameoka (Corporate Auditor)	Yasuo Kameoka attended 8 out of 10 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors. As necessary, he raised questions or expressed opinions in order to ensure the adequacy and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors based on his expert knowledge as a certified public accountant.
Koji Fujita (Corporate Auditor)	Koji Fujita attended 9 out of 10 meetings of the Board of Directors and 12 out of 14 meetings of the Board of Corporate Auditors. As necessary, he raised questions or expressed opinions in order to ensure the adequacy and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors mainly based on his expert knowledge as an attorney.

(iii) Summary of Limited Liability Agreement

As long as Directors and Corporate Auditors perform their duties in good faith and without gross negligence with respect to the liabilities set out in Article 423, paragraph 1 of the Companies Act, the outside Director, the Full-time Corporate Auditor and the part-time Corporate Auditors shall, in accordance with the limited liability agreement executed between the Company and Mr. Hirotaka Takeuchi and between the Company and all four Corporate Auditors, be liable for up to 10 million yen, 20 million yen and 4.8 million yen respectively or the minimum liability amount prescribed by law, whichever of these amounts is the higher.

5. Status of Accounting Auditor

(1)	Name of accounting auditor of the Company KPMG AZSA & Co.	
(2)	Remuneration, Etc. Paid to Accounting Auditor	(Millions of yen)
(i)	Amount of fees and charges paid to accounting auditors for the term under review	98
(ii)	Total amount of cash and other financial benefits payable by the Company and its subsidiaries	105

- (Notes)
1. As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act are not separated for the purpose of the audit contract executed between the Company and the accounting auditors and are impractical to separate, the amount specified in (i) above is indicated as the total amount of audit fees payable under both laws.
 2. The amount specified in (ii) above includes 7 million yen as compensation for advisory services concerning internal controls relating to financial reporting, which are services other than the services stipulated under Article 2, Paragraph 1 of the Certified Public Accountant Law (Non-audit services).
 3. Three of the important subsidiaries of the Company are audited by certified public accountants or audit corporations other than the accounting auditor of the Company (including qualified persons equivalent thereto in foreign countries) .

- (3) The policy regarding decisions on the dismissal or discontinuance of reelection an accounting auditor

If the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor will be dismissed by the Board of Corporate Auditors pursuant to an unanimous consent of the Corporate Auditors.

In addition to the above, if it is deemed difficult for the Accounting Auditor to carry out their proper execution of the duties and / or in consideration of the length of their continuous services years of the audit, and of other factors, The Board of Directors will submit a proposal for dismissal or discontinuance of reelection of the Accounting Auditor as the Agenda of the Shareholders Meeting upon agreement or request of the Board of Corporate Auditors.

6. Systems and Policies of the Company

Basic policy of the Company's systems to secure appropriateness of business of the Company's Directors

Since the Company developmentally dissolved the organized task force for the internal control system and clarified authorities and roles concerning the internal control division and the audit division, the Company has reviewed the relevant basic policy at the Board of Meeting of the Company held on December 11 2009. The review policy is as follows.

- (1) A system to retain and manage information regarding execution of operations by the directors
 - i) Information on the execution of operations by the directors must be retained appropriately, managed and be in a highly searchable state, depending on the recording media based on the Confidential Matter Control Regulations, the Confidential Matter Control Guidelines and other internal regulations, and it must be kept in a state that permits the directors and the corporate auditors to access it at any time. The storage period should be that required by law if such legal requirements exist, and if not, for the period required by the Regulations of Handling of Documents.
 - ii) The protection and storage of information in the information system shall comply with the Information System Control Regulations.

- (2) A system concerning regulations regarding risk and loss management
 - i) The Company recognizes risk regarding our products and services, and risk regarding the Company's infrastructure as risks related to execution of the operations of our company. The Company will establish a system to identify and manage such risks, as well as a system to identify persons in charge of managing such risks.
 - ii) The Company will establish the Compliance Security Committee chaired by the Representative Director as an organization to manage and control compliance, and a risk control system.
 - iii) Leaks, theft, loss, damage, and illegal alteration of information would bring enormous damage and loss of trust to our company. Therefore, the Company shall manage such risks based on the Information System Control Regulations, the Confidential Information Control Regulations, the Risk Management Guideline, the Personal Information Protection Regulations, and other regulations.
 - iv) In the event that an incident occurs, an emergency operation team (SWAT team) shall be established, with the Director for the Japan Region as the risk manager, to take swift action, and it shall establish a system to prevent and minimize the spread of damage, including to clients.

- (3) A system to ensure efficient execution of operations by directors
 - i) As the basis for a system to ensure efficient execution of operations by the directors, a board of directors' meeting shall be held at least once every three months, and at any appropriate time considered necessary. As for important matters relating to management policies and management strategies of the Company, their execution shall be determined by reference to the results of discussions at the Executive Meetings held every quarter, as well as in the periodical budget review process.

- ii) As for the execution of operations based on decisions of the board of directors, the person in charge, their responsibilities and the details of execution procedures shall be established by the Administrative Authority Regulations and the Regulations Regarding Executives.
- (4) A system to ensure that execution of operations by directors and employees meet relevant regulations and the Articles of Incorporation
- i) As a basis for the compliance system, the Code of Conduct, the Regulations Regarding Executives, the Regulations on Insider Trading and the Personal Information Protection Regulations shall be established.
The Compliance Security Committee is established, headed by the Representative Director, and it shall maintain and improve the Internal Control System.
Each division shall also establish guidelines and training as necessary.
 - ii) As a head of the maintenance and promotion of the Internal Control System, an Internal Control Manager shall be appointed and members in charge of the Internal Control System practice headed by the Internal Control Manager shall be appointed from time to time.
 - iii) In the event that any director finds a serious breach of law or a significant lapse in compliance in the Company, he or she shall immediately report it to the corporate auditors, and shall also report it to the board of directors without delay.
 - iv) Based on the Whistle-blowing Report Procedure, which are regulations establishing internal notification and reporting systems regarding breaches of law and other compliance matters, the Human Resources Division and Internal Audit Department shall be responsible for their operation. The existence or the non-existence of relevant facts and their contents shall be gathered and reported to CEO, CFO and the corporate auditors every quarter by Internal Auditor. However, when it is deemed urgent, it shall be reported to them immediately.
 - v) In the event that any corporate auditor determines that there is a problem with the legal compliance system and the execution of Whistle-blowing Report Procedure of the Company, he or she shall state such opinion, and may require establishment of remedial plans.
- (5) A system to ensure appropriate operations of the corporate group consisting of the Company and its subsidiaries
- i) To ensure proper operation of the group companies, the Code of Conduct and Whistle-blowing Report Procedure shall apply to all group companies in the same way as the Company. In addition, the Company shall request the corporate group to establish an organization to identify and manage risks related to the execution of the operation. As for management control, the Affiliated Companies Control Regulations, the Finance Control and the Signature Authorization Regulations shall be established, thus enabling management control of subsidiaries with authorization by, and reporting to, our company, and also by monitoring through the discussion of the Executive meetings held every quarter and periodical budget review process as necessary.
In the event that any director finds a breach of law or any other important compliance issues with group companies, he or she shall immediately report it to the corporate auditors and the board of directors.

- ii) To ensure the reliability of financial reporting by the Company and the group companies, the establishment and operation of internal controls relating to financial reporting shall be promoted.
 - iii) In the event that any of the subsidiaries determines that management control and management guidance of the Company breaches any law or constitutes problems in compliance, it shall report it to Internal Auditor.
Immediately upon receiving such report, the Internal Auditor shall report to the corporate auditors and the directors, and he or she may state his or her opinion.
Upon receiving such report, the corporate auditor shall state an opinion to the directors, and may require them to establish remedial plans.
 - iv) The Internal Auditor shall from time to time visit subsidiaries and monitor over their operations.
- (6) System concerning employees who assist the Corporate Auditors when required and their independence from the directors
- i) In the event that a corporate auditor requires the company to appoint employees (hereafter referred to as “Auditing Staff”) to assist with his or her duties, the Company shall consult with the corporate auditor and provide Auditing Staff from among the employees of the Company.
In case Auditing Staffs are established, personnel transfer, personal evaluation and other matters respecting the Auditing Staffs shall be determined with the opinions of the corporate auditor in mind, thus ensuring independence from the directors.
 - ii) In the event that a corporate auditor so requires, he or she may request employees to conduct specific audit tasks with notice given to the superiors of such employees. In this case, employees who receive such a request shall report to the corporate auditors, notwithstanding the chain of command of regular employment.
- (7) A system for directors and employees to report to corporate auditors, other systems for reporting to corporate auditors, and a system for ensuring of effective auditing by corporate auditors
- i) The directors shall report the following to the corporate auditors:
 - ① Matters resolved at the Executive Meetings;
 - ② Matters that might cause significant damage to the Company;
 - ③ Important matters regarding management;
 - ④ Important matters regarding audit, establishment and operation of internal control and risk control;
 - ⑤ Serious breach of law or the Articles of Incorporation;
 - ⑥ Matters regarding changes or introduction of accounting policies; and
 - ⑦ Other important compliance matters.

Furthermore, in the event that an employee finds important matters regarding ②, ⑤ and ⑦ above, he or she may report to the corporate auditors directly.

- ii) By maintaining proper implementation of the Code of Conduct and the Whistle-blowing Report Procedure, the Company shall secure a proper reporting system for a breach of law or other issues in compliance with the corporate auditors.
- iii) The full-time corporate auditors shall attend the board of directors' meeting, and important meetings such as the meetings of the Compliance Security Committee and the Executive Meetings to grasp the important decision-making processes and the execution of operation. They may also review approval documents and important documents regarding the execution of the operation and require the directors and employees to provide explanations if necessary, and state their opinions.
- iv) The Representative Director shall establish a forum to exchange opinions with corporate auditors periodically, thus promoting communication.
- v) In the event that a corporate auditor determines that it is necessary to carry out his or her duties, he or she may ask for the opinions of professionals such as attorneys and certified public accountants, and their expenses shall be borne by the Company.

(Notes) The amounts stated in this Business Report are rounded downward to the nearest stated unit.

(1) Consolidated Balance Sheet

(As of December 31, 2009)

(Yen in millions)

Account	Amount
<Assets>	
Current assets	169,846
Cash and bank deposits	74,271
Notes and accounts receivable, trade	23,114
Marketable securities	53,228
Inventories	409
Deferred tax assets	14,774
Others	4,178
Allowance for bad debt	-131
Non-current assets	34,040
Property and equipment	4,678
Office furniture and equipment	3,622
Others	1,056
Intangibles	6,161
Software	4,503
Goodwill	1,179
Others	478
Investments and other non-current assets	23,200
Investment securities	11,883
Investments in subsidiaries and affiliates	283
Deferred tax assets	10,061
Others	972
Total assets	203,887

(Yen in millions)

Account	Amount
<Liabilities>	
Current liabilities	74,263
Account payable and Notes payable, trade	764
Accounts payable, other	3,749
Accrued expenses	4,032
Accrued income and other taxes	7,955
Allowance for bonuses	672
Allowance for sales return	876
Deferred revenue	54,362
Others	1,851
Long-term liabilities	20,981
Deferred revenue	19,200
Allowance for retirement benefits	1,433
Others	347
Total liabilities	95,244
<Net assets>	
Shareholders' equity	109,115
Common stock	18,386
Additional paid-in capital	21,108
Retained earnings	91,748
Treasury stock, at cost	-22,128
Valuation and translation adjustment	-6,591
Net unrealized gain(loss) on debt and equity securities	-1,818
Foreign currency translation adjustment	-4,773
Stock acquisition right	6,110
Minority interest	9
Total net assets	108,643
Total liabilities and net assets	203,887

(2) Consolidated Profit and Loss Statement

(From January 1, 2009 to December 31, 2009)

(Yen in millions)

Account	Amount	
Net Sales		96,346
Cost of sales		14,990
Gross profit		81,356
Selling, general and administrative expense		51,218
Operating income		30,137
Non-operating income		
Interest income	1,474	
Gain on sales of marketable securities	3	
Foreign exchange gain	531	
Equity in earnings of affiliated companies	10	
Others	124	2,144
Non-operating expenses		
Interest expenses	2	
Loss on sales of marketable securities	341	
Others	223	568
Ordinary income		31,714
Extraordinary losses:		
Loss on disposal of fixed assets	294	
Devaluation loss on investment securities	54	348
Net income before taxes		31,365
Income taxes current	15,400	
Income taxes (Previous year)	1,640	
Income taxes deferred	-3,316	13,724
Minority interest in income of consolidated subsidiaries		2
Net income		17,638

(3) Consolidated Statement of Changes in Shareholders' Equity Etc.

(From January 1, 2009 to December 31, 2009)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2008	18,386	21,108	87,288	-21,798	104,984
Decrease in retained earnings beginning from application of ASBJ PITF No.18			-217		-217
Movement for this period					
Dividend of surplus			-12,956		-12,956
Net income			17,638		17,638
Sales of treasury stock			-3	211	208
Purchase of treasury stock				-541	-541
Movement for this period excluding shareholders' equity					
Total movement			4,678	-330	4,348
Balance as of December 31, 2009	18,386	21,108	91,748	-22,128	109,115

	Valuation and translation adjustment		Stock acquisition right	Minority interest	Total net assets
	Net unrealized gain(loss) on debt and equity securities	Foreign currency translation adjustment			
Balance as of December 31, 2008	-3,286	-6,601	3,745	4	98,846
Decrease in retained earnings beginning from application of ASBJ PITF No.18					-217
Movement for this period					
Dividend of surplus					-12,956
Net income					17,638
Sales of treasury stock					208
Purchase of treasury stock					-541
Movement for this period excluding shareholders' equity	1,468	1,827	2,365	4	5,666
Total movement	1,468	1,827	2,365	4	10,014
Balance as of December 31, 2009	-1,818	-4,773	6,110	9	108,643

Notes to the Consolidated Financial Statements

(Notes to Important Basis of the Preparation of the Consolidated Financial Statements)

1. The Matters Concerning the Scope of Consolidation

(1) The Number of Consolidated Subsidiaries: Twenty three (23)

(2) The Names of Major Subsidiaries

Company Name	
Trend Micro Incorporated	(Taiwan)
Trend Micro Inc.	(U.S.A)
Trend Micro Australia Pty. Ltd.	(Australia)
Trend Micro (EMEA) Limited	(Ireland)

(3) The Company has no unconsolidated subsidiaries.

2. The Matters Concerning Application of Equity Method

(1) The Number of the Affiliate Companies to which equity method has been applied: Two

(2) The Names of the affiliate companies to which equity method has been applied:
Soft Trend Capital Corporation and Net STAR, Inc.

(3) There is no other affiliate company to which the equity method has not been applied.

3. The Matters Concerning the Accounting Standards

(1) Accounting for evaluation of material assets

① Securities

Available-for-sale with market value:

The securities are stated at the market value method based on the value at the end of the period (valuated differences are recognized in equity directly. Cost of selling is determined by the moving average method.)

Available-for-sale without market value:

Cost basis by moving average method

Investments in investment limited partnerships and equivalent partnerships (ones considered as securities as stipulated under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are calculated on a net equity partnership basis based on the latest closing statements available depending on the financial reporting date stipulated in the partnership agreement.

② Inventories:

Cost basis by moving average method

Unprofitable inventories are devaluated

(2) Depreciation or Amortization method for fixed assets

Property and equipment (excluding lease assets)

Mainly, depreciation is computed by declining-balance method in parent company and is computed by a straight-line method in consolidated subsidiaries. Useful lives of the main property and equipment are as follows:

Office furniture and equipment: mainly 2 – 10 years

Intangibles

<Software for sale>

Straight-line method over the estimated useful lives (12 months).

<Software for internal use>

Straight-line method over the estimated useful lives (mainly 5 years).

<Other intangibles>

Straight-line method over the estimated useful lives

<Lease assets>

Lease assets arising from non-ownership-transfer finance leases

The Company has applied a Straight-line method, which assumes that a useful life is equal to the lease period and that an estimated residual value is zero. There are no lease assets applicable to the straight-line method in the consolidated fiscal term. The conventional accounting treatment still applies to non-ownership-transfer finance leases that commenced before the starting day in order to apply the new revised accounting standard for lease transactions.

(3) Accounting policies for allowances

Allowance for bad debt

In order to reserve future losses from default of notes and account receivable, bad debt provision is provided. The amount is determined using the percentage based on actual doubtful account loss against total of debts. As for high-risk receivables, expected unrecoverable amount is considered individually.

Allowance for bonuses

Bonuses for employees are provided at an estimate of the amount.

Allowance for sales return

In order to reserve future losses from sales return subsequent to the fiscal year end, allowance for sales return is provided based on the past experience in the sales return.

Allowance for retirement benefits

In order to reserve future employees retirement benefits, allowance for retirement benefits is provided based on retirement benefit liabilities and pension assets projected at the end of the period.

Actuarial difference is expensed in the following accounting period on a pro rata basis for certain years not exceeding the average remaining services years (1 to 25

years) of employees at the time of occurrence of such difference.

(4) Policy for translation of major foreign currency assets and liabilities into Yen

Foreign currency denominated receivables and payables are translated into Japanese yen at period-end rates of exchange and the resulting foreign currency translation adjustments are taken into account in regards to profits and losses.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at period-end spot exchange rate and all income and expense accounts are translated at average exchange rate. The resulting translation adjustments are included in foreign currency translation adjustment and minority interest.

(5) Revenue Recognition Policy

Sales recognition policy for PCS

Basically, the product license agreement contracted with the end-user contains provisions concerning PCS (customer support and upgrading of products and its pattern files). The Company applies the following revenue recognition method for the portion of PCS.

Portion of PCS revenue is recognized separately from total revenue and is deferred as deferred revenues under current and non-current liabilities based on the contracted period. Deferred revenue is finally recognized as revenue evenly over the contracted period.

(6) Consumption tax

Accounting subject to consumption tax are stated at the amount net of the related consumption tax.

(7) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of the consolidated subsidiaries are measured at fair value.

(8) Amortization of Goodwill

Goodwill is amortized evenly over the appropriate period not exceeding 20 years.

(9) All the amounts shown in yen in this document have been expressed in the unit of one million (1,000,000) yen with any amount less than such unit being disregarded.

(Changes in accounting policy)

1. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from this fiscal year, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) has been applied, and accordingly made any necessary modifications to its consolidated financial statements. The effect of this change is minimal

2. Accounting Standard for Lease Transactions

Non-ownership-transfer finance leases were subject to accounting treatment for operating leases. However, effective from this fiscal year, the Company has adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Statement Guidance No. 16; March 30, 2007). Please note that this change will have zero effect. The conventional accounting treatment still applies to non-ownership-transfer finance leases that commenced before the starting day in order to apply the new revised accounting standard for the lease transactions

(NOTES TO THE CONSOLIDATED BALANCE SHEET)

Accumulated depreciation of property and equipment: 8,945 million yen

(NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY)

1. The Type and Number of Equity Shares Outstanding as of the End of the Consolidated Fiscal Term:

Common stock	140,293,004 shares
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2. The Matters Concerning Dividends Paid out of the Surplus during the Consolidated Fiscal Term

The resolution	The annual shareholders meeting held on 25 March, 2009
The type of the equity shares	The ordinary shares
The total amount of dividend paid	12,956 million yen
The amount of dividend paid per share	97.00 yen
The record date	31 December 2008
The effective date	26 March 2009

3. The Dividend Whose Record Date falls in the Consolidated Fiscal Term and Whose Effective Date falls in the Next Consolidated Fiscal Term

The Resolution	The annual shareholders meeting held on 26 March, 2010
The type of the equity shares	The ordinary shares
The source of dividend payment	The income surplus
The total amount of dividend paid	12,144 million yen
The amount of dividend paid per share	91.00 yen
The record date	31 December 2009
The effective date	29 March 2010

4. The Type and the Number of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Right (Excluding Those of Which the Exercise Period Has not Commenced) as of the End of the Consolidated Fiscal Term

The ordinary shares	15,153,000 shares
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(NOTES ON PER SHARE INFORMATION)

1. The net assets per share: 768.25 yen
2. The net income for the term per share: 132.16 yen

(NOTES ON MATERIAL SUBSEQUENT EVENTS)

N/A

(OTHER NOTES)

N/A

Balance Sheet

(As of December 31, 2009)

(Yen in millions)

Account	Amount	Account	Amount
<Assets>		<Liabilities>	
Current assets	105,983	Current liabilities	44,555
Cash and bank deposits	19,847	Accounts payable, trade	135
Accounts receivable, trade	18,982	Account payables, other	10,041
Marketable securities	53,022	Accrued expenses	201
Product	105	Accrued corporate tax and others	7,936
Raw materials	19	Accrued consumption taxes	335
Stores	37	Deposits received	183
Prepaid expense	120	Allowance for sales return	610
Deferred tax assets	13,707	Deferred revenue	25,053
Other receivables	86	Others	57
Others	85	Non-current liabilities	14,719
Allowance for bad debt	-30	Deferred revenue	13,646
Non-current assets	27,868	Long-term accounts payable	10
Tangible fixed assets	590	Allowance for retirement benefits	1,062
Buildings	643	Total liabilities	59,275
Office furniture and equipment	1,054	<Net assets>	
Accumulated depreciation	-1,106	Shareholders' equity	70,282
Intangibles fixed assets	4,839	Common stock	18,386
Software	3,865	Capital surplus	21,108
Software in progress	776	Additional paid-in capital	21,108
Others	198	Retained earnings	52,915
Investments and other non-current assets	22,438	Legal reserve	20
Investments in securities	11,774	Accumulated profit	52,895
Investments in subsidiaries and affiliates	2,175	Retained earnings carried forward	52,895
Investments in capital of affiliates	7	Treasury stock	-22,128
Security deposits	589	Valuation and translation adjustment	-1,815

Membership	4	Unrealized gain on available for sale securities	-1,815
Deferred tax assets	7,908	Stock acquisition rights	6,110
Allowance for loss on investments in subsidiaries and affiliates	-21	Total net assets	74,576
Total assets	133,852	Total liabilities and net assets	133,852

Profit and Loss Statement

(From January 1, 2009 to December 31, 2009)

(Yen in millions)

Account	Amount	
Sales Revenue		
Sales	39,511	
Royalty	23,868	63,380
Cost of sales		9,588
Gross profit		53,792
Selling, general and administrative expense		27,506
Operating income		26,285
Non-operating income		
Interest income	12	
Interest on marketable securities	353	
Dividend income	3,946	
Global system income	56	
Exchange profit	251	
Others	58	4,677
Non-operating expense		
Loss on sale of securities	340	
Global system expense	195	
Others	9	545
Ordinary income		30,418
Extraordinary gain:		
Reversal of allowance for investment loss	20	20
Extraordinary loss:		
Loss on disposal of fixed assets	122	
Devaluation loss on investment in securities	54	176
Net income before taxes		30,262
Income tax current		13,782
Income taxes (previous year)		1,640
Income tax deferred		-3,772
Net income		18,612

Statement of Changes in Shareholders Equity, Etc.

(From January 1, 2009 to December 31, 2009)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Accumulated earnings	
		Additional paid-in capital	Legal reserve	Accumulated profit
			Retained earnings carried forward	
Balance as of December 31, 2008	18,386	21,108	20	47,243
Movement for this period				
Issuance of new stock				
Issuance of new shares(exercise of stock acquisition right)				
Dividend of surplus				-12,956
Net income				18,612
Sales of treasury stock				-3
Purchase of treasury stock				
Movement for this period excluding shareholders' equity				
Total movement	-	-	-	5,652
Balance as of December 31, 2009	18,386	21,108	20	52,895

	Shareholders' equity		Revaluation surplus	Stock acquisition right
	Treasury stock	Total shareholders' equity	Unrealized gain on available for sale securities	
Balance as of December 31, 2008	-21,798	64,960	-3,326	3,745
Movement for this period				
Issuance of new stock				
Issuance of new shares(exercise of stock acquisition right)				
Dividend of surplus		-12,956		
Net income		18,612		
Sales of treasury stock	211	208		
Purchase of treasury stock	-541	-541		
Movement for this period excluding shareholders' equity			1,510	2,365
Total movement	-330	5,321	1,510	2,365
Balance as of December 31, 2009	-22,128	70,282	-1,815	6,110

Notes to unconsolidated financial statements

(SIGNIFICANT ACCOUNTING POLICIES)

1. Accounting for evaluation of assets

(1) Securities

Investments in subsidiaries and affiliates.

Cost basis by moving average method

Other securities

Available-for-sale with market value:

The securities are stated at the market value method based on the value at the end of the period (Valuated differences are recognized in equity directly. Cost of selling is determined by the moving average method.)

Available-for-sale without a market value:

Cost basis by moving average method

Investments in investment limited partnerships and equivalent partnerships (ones considered as securities as stipulated under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are calculated on a net equity partnership basis based on the latest closing statements available depending on the financial reporting date stipulated in the partnership agreement.

(2) Inventories

Product · Raw materials · Stores Cost basis by moving average method

Unprofitable inventories are devaluated

2. Depreciation and amortization method for fixed assets

Tangible fixed assets (excluding lease assets) Declining-balance method

Buildings (excluding facilities and leasehold improvement) acquired on or after April 1, 1998 are depreciated by straight-line method.

Useful lives of the main property and equipment are as follows:

Buildings:	3 – 28 years
Office furniture and equipment:	mainly 2 – 10 years

Intangibles

<Software for sale>

Straight-line method over the estimated useful lives (12 months).

<Software for internal use>

Straight-line method over the estimated useful lives (mainly 5 years).

<Other intangibles>

Straight-line method over the estimated useful lives

<Lease assets>

Lease assets arising from non-ownership-transfer finance leases

The Company has applied a straight-line method, which assumes that a useful life is equal to the lease period and that an estimated residual value is zero. There are no lease assets applicable the straight-line method in the consolidated fiscal term. The conventional accounting treatment still applies to non-ownership-transfer finance leases that commenced before the starting day in order to apply a new revised accounting standard for the lease transactions..

3. Accounting policies for allowances

Allowance for bad debt	In order to reserve future losses from default of notes and accounts receivable, bad debt provision is provided. The amount is determined using the percentage based on actual doubtful account loss against total of debts. As for high-risk receivables, expected unrecoverable amount is considered individually.
Allowance for loss on investments in subsidiaries and affiliates	In order to reserve future loss from investments in subsidiaries, estimated loss from investments in subsidiaries is provided based on the consideration of the relevant subsidiary's financial condition and expected recoverability.
Allowance for bonuses	Bonuses for employees are provided at an estimate of the amount Allowance for bonuses is not provided during this fiscal year.
Allowance for sales return	In order to reserve future losses from sales return subsequent to the fiscal year end, allowance for sales return is provided based on the past experience in the sales return.
Allowance for retirement benefits:	In order to reserve future losses arising from the retirement of employees, allowance for retirement benefits recognized to have been incurred at the end of the period is provided based on retirement benefit liabilities projected at the end of the period. Actuarial difference is recognized in the following fiscal year.

(Additional information)

The proposal to pay retirement benefits for termination resulting from the abolition of the retirement benefits scheme for directors and corporate auditors was approved by the Shareholders at the annual shareholders meeting held on 25 March 2009. Based on the resolution, the Company has removed all retirement benefits for termination in the fiscal term.

4. Revenue Recognition Policy

Sales recognition policy for PCS

Basically, the product license agreement contracted with the end-user contains provisions concerning PCS (customer support and upgrading of products and its pattern files).

The Company applies the following revenue recognition method for the portion of PCS.

Portion of PCS revenue is recognized separately from total revenue and is deferred as deferred revenues under current and non-current liabilities based on the contracted period. Deferred revenue is finally recognized as revenue evenly over the contracted period.

5. Consumption tax

Accounting subject to consumption tax is stated at the net amount of the related consumption tax.

6. All the amounts shown in yen in this document have been expressed in the unit of one million (1,000,000) yen with any amount less than such unit being disregarded.

(Changes in accounting policy)

Accounting Standard for Lease Transactions

Non-ownership-transfer finance leases were subject to accounting treatment for operating leases. However, effective from this fiscal year, the Company has adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Statement Guidance No. 16; March 30, 2007). Please note that this change will have zero effect. The conventional accounting treatment still applies to non-ownership-transfer finance leases that commenced before starting day to apply revised accounting standard for lease transactions

(NOTES TO THE BALANCE SHEETS)

The Monetary Claims Against and Obligations Owed to Subsidiaries and Affiliates:

	(Yen in millions)
Short-term monetary claims	9,942
Short-term monetary obligations	6,729

(NOTES TO THE INCOME STATEMENT)

The Amounts of Transactions with Subsidiaries and Affiliates

The Amounts of Operational Transactions

	(Yen in millions)
Sales	23,656
Outside service fee	18,561

The Amount of Non-operational Transactions

	(Yen in millions)
Dividend income	3,946
Global system income	56
Global system expenses	195

(NOTES TO THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.)

The number of treasury shares as of the end of the term:

The ordinary shares	6,841,534 shares
---------------------	------------------

(NOTES TO THE TAX EFFECT ACCOUNTING)

Major items causing deferred tax assets:

	(Yen in millions)
Nondeductible deferred revenue	15,746
Nondeductible accrued enterprise taxes	731
Nondeductible amortization of intangibles	1,503
Nondeductible contingent liability	548
Nondeductible allowance for retirement benefit	432
Nondeductible loss on investment securities	827
Nondeductible allowance for sales return	248
Valuated difference on available-for-sale	1,245
Others	521
<hr/>	
Deferred tax assets sub total	21,805
Valuation allowance	-189
<hr/>	
Total deferred tax assets	21,616

(NOTES ON THE FIXED ASSETS USED BY THE COMPANY UNDER LEASE AGREEMENTS)

In addition to non-current assets on the balance sheets, business equipment such as copying machines, is used by the Company under finance lease agreements without transfer of ownership.

(NOTES ON THE TRANSACTIONS WITH THE RELATED PARTIES)

Subsidiaries and affiliates

(Yen in millions)

Names of the companies, etc.	Ratio of ownership of voting rights, etc.	Relationship with the party	Content of transactions	Transaction amounts	Account	Balance at the end of the term
Trend Micro Incorporated (Taiwan)	Directly wholly owned	Entrustment of sale, research and development of the Company's products and concurrent post	For the payments of the commissions for business services:	5,658	Accounts payable, other	1,590
Trend Micro Inc. (U.S.A)	Directly wholly owned	Entrustment of sale, research and development of the Company's products	For the receipt of the license fees:	13,615	Accounts receivable	8,063
			For the payments of the commissions for business services:	10,163	Accounts payable, other	4,183
Trend Micro (EMEA) Limited (Ireland)	Directly wholly owned	Sale of the Company's products	For the receipt of the license fees:	6,607	Accounts receivable	626

Terms and Conditions of the Transactions and the Policies for the Determination of such Terms and Conditions

① For the receipt of the license fees:

The Company uses the income comparison method, one of the methods of calculation of the transaction price under the transfer price taxation system.

② For the payments of the commissions for business services:

The Company uses the cost-plus method, one of the methods of calculation of the transaction price under the transfer price taxation system.

(Additional information)

Effective from this fiscal year, the Company has adopted the "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11; October 17, 2006) and the "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Statement Guidance No. 13; October 17, 2006).

(NOTES ON PER SHARE INFORMATION)

- | | |
|---|------------|
| 1. The net assets per share: | 513.04 yen |
| 2. The net income for the term per share: | 139.45 yen |

(NOTES ON MATERIAL SUBSEQUENT EVENTS)

N/A

(OTHER NOTES)

N/A

Certified copy of the audit report made by the Audit Corporation (Consolidated)

INDEPENDENT AUDITOR'S AUDIT REPORT

February 17 2010

To The Board of Directors of
Trend Micro Incorporated

KPMG AZSA & Co.

Designated, Engagement Partner
and Certified Public Accountant

Hiroyuki Sakai

Designated, Engagement Partner
and Certified Public Accountant

Yutaka Yuguchi

In accordance with Article 444, paragraph 4 of the Companies Act, we, the Audit Corporation, have audited the consolidated financial statements of Trend Micro Incorporated for the consolidated fiscal term commencing on January 1, 2009 and ending on December 31, 2009, specifically the consolidated balance sheet, the consolidated profit and loss statement, the consolidated statement of changes in shareholder's equity and the notes to the consolidated financial statements. The responsibility for the preparation of these consolidated financial statements is retained by the manager and our responsibility is to render our opinion on these documents as an independent party.

Our examination was made in accordance with the accounting standards generally accepted as fair and appropriate in Japan. The criteria for our examination require us to obtain reasonable assurance as to whether or not there is a material false indication in these consolidated financial statements. The examination is made on the basis of testing audits and includes collectively examining the indications made in these consolidated financial statements, including evaluation of the accounting policy and the applicable manners therefore adopted by the manager and the estimates made by the manager. We, the Audit Corporation, consider that we have obtained a reasonable basis for the expression of our opinion as a result of our examination.

As a result of our examination of the above mentioned consolidated financial statements, we found that they present fairly the financial position and the results of operation of the Group consisting of Trend Micro Incorporated and its consolidated subsidiaries for the consolidated fiscal term in all significant aspects in accordance with the accounting standards generally accepted as fair and appropriate in Japan.

There are no special relationships as stipulated in the Certified Public Accountants Law between the Company and our firm or the engagement partners.

Certified copy of the audit report made by the Audit Corporation

INDEPENDENT AUDITOR'S AUDIT REPORT

February 17, 2010

To The Board of Directors of
Trend Micro Incorporated

KPMG AZSA & Co.

Designated, Engagement Partner
and Certified Public Accountant

Hiroyuki Sakai

Designated, Engagement Partner
and Certified Public Accountant

Yutaka Yuguchi

In accordance with Article 436, paragraph 2, item 1 of the Companies Act, we, the Audit Corporation, have audited the unconsolidated financial statement of Trend Micro Incorporated for the 21st fiscal term commencing on January 1, 2009 and ending on December 31, 2009, specifically the balance sheet, the profit and loss statement, the statement of changes in shareholder's equity, the notes to the unconsolidated financial statements and the supplementary schedules. The responsibility for the preparation of these unconsolidated financial statement and the supplementary schedules is retained by the manager and our responsibility is to render our opinion on these documents as an independent party.

Our examination was made in accordance with the accounting standards generally accepted as fair and appropriate in Japan. The criteria for our examination require us to obtain reasonable assurance as to whether or not there is a material false indication in these unconsolidated financial statement. The examination is made on the basis of testing audits and includes collectively examining the indications made in unconsolidated financial statement and the supplementary schedules, including evaluation of the accounting policy and the applicable manners therefore adopted by the manager and the estimates made by the manager. We, the Audit Corporation, consider that we have obtained a reasonable basis for the expression of our opinion as a result of our examination.

As a result of our examination of the above mentioned unconsolidated financial statement and the supplementary schedules, we found that they present fairly the financial position and the results of operation for the 21st fiscal term in all significant aspects in accordance with the accounting standards generally accepted as fair and appropriate in Japan.

There are no special relationships as stipulated in the Certified Public Accountants Law between the Company and our firm or the engagement partners.

AUDIT REPORT

In order to audit the business activities of the Directors undertaken during the 21st fiscal year from January 1, 2009 to December 31, 2009, we, the Board of Corporate Auditors, prepared this Audit Report based on the audit report prepared by each Corporate Auditor and hereby report as follows:

1. Method of Audit by Corporate Auditors and the Board of Corporate Auditors and Details

In addition to specifying the auditing guidelines and assigned business, etc. and receiving reports on audit and its results from each Corporate Auditor, we have received reports from the Directors and the accounting auditor on their performance of duties and requested explanations when necessary.

In accordance with the auditing guidelines and assigned business, etc. specified by the Board of Corporate Auditors, each Corporate Auditor has communicated with the Directors, the internal control division and other employees and made efforts to collect information and improve the auditing environment. Each Corporate Auditor has attended meetings of the Board of Directors and other important meetings and has been informed by the Directors and other employees in respect of the status of performance of their duties and requested explanations when necessary. Furthermore, each Corporate Auditor has examined important documents in respect of the authorization of corporate actions, etc., and inspected the operations and the assets at the head office and other principal business offices. Also, we have monitored and verified the content of a resolution of the Board of Directors concerning the establishment of a system to ensure that performance by the Directors of their duties complies with applicable laws and regulations and the Articles of Incorporation or other systems necessary to ensure validity of operations of *Kabushiki Kaisha* as provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the status of the system (internal control system) established based on such resolution. As to subsidiaries, in addition to communicating with the Directors in charge, we have received reports from subsidiaries on their businesses and visited subsidiaries when necessary to examine its businesses and assets. Based on the above-mentioned method, we have examined the Business Report and its supplementary schedules for the said fiscal year.

Furthermore, in addition to monitoring and verifying that the accounting auditor maintains its independence and conducts the audit properly, we have received reports from the accounting auditor on the performance of its duties and requested explanations when necessary. We have received notice from the accounting auditor concerning that the “system to ensure that duties are properly performed” (matters stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the “Quality Management Standards concerning the Audit” and requested explanations when necessary. Based on the above method, we have examined the unconsolidated financial statement (balance sheet, profit and loss statement, statement of changes in shareholders' equity and notes to the unconsolidated financial statements) and their supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements) for the fiscal year under review.

2. Results of Audit

- (1) Audit Result of the Business Report, etc.
 - (i) We found that the business report and its supplementary schedules fairly reflect the Company's business situation in conformity with and pursuant to the applicable laws and the Articles of Incorporation of the Company.
 - (ii) No misconduct concerning the performance of Directors' duties or material facts that are in breach of applicable laws and the Articles of Incorporation of the Company have not been detected.
 - (iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. There is nothing noteworthy with respect to the performance by the Directors of their duties concerning the internal control system.
- (2) Audit Result of the Unconsolidated financial statement and their supplementary schedules
We found that the method and result of the audit by KPMG AZSA & Co. who had been appointed as the Company's accounting auditor was executed in an appropriate manner.
- (3) Audit Result of the Consolidated Financial statements
We found that the method and result of the audit by KPMG AZSA & Co. who had been appointed as the Company's accounting auditor was executed in an appropriate manner.

February 17, 2010

Trend Micro Incorporated
Board of Corporate Auditors

Full-time Corporate Auditor
Fumio Hasegawa

Corporate Auditor
Yasuo Kameoka

Corporate Auditor
Koji Fujita

(Note: All three Corporate Auditors are outside auditors as defined under Article 2, item 16 and Article 335, paragraph 3 of the Companies Act.)