Trend Micro Announces Strong First Quarter Results

Enterprise business achieves nearly 30-percent growth globally, with US and Europe leading revenue growth.

Trend Micro net sales in yen increase by 12 percent year over year

TOKYO, Japan, April 6, 2007 -- Trend Micro (TSE: 4704; Nasdaq: TMIC), a leader in network antivirus and Internet content security software and services, today announced earnings results for the first quarter 2007, including record net sales for the first quarter 2007.

Trend Micro posted consolidated net sales of 23.25 billion Yen (or US $194.95 million, 119.27JPY = 1USD), and operating income and net income both performed above expectations. The company posted operating income of 6.63 billion Yen (or US $55.57 million) and net income of 4.35 billion Yen (or US $36.45 million) for the quarter. These figures reflect 12 percent growth in net sales compared to the same period a year ago.

The Company continued to see strong growth, led by a 20-percent year-over-year revenue increase in North America and 14-percent in Europe, this was followed by Asia Pacific and Japan at 10-percent and 6-percent growth respectively. Much of the company's worldwide growth was buoyed by strong sales in Enterprise solutions, which experienced a 29-percent increase year-over-year.

Long-term growth was further supported with the introduction of a number of new solutions and services, and ground-breaking, new Total Web Threat Protection technology. Trend Micro launched a new messaging security service for enterprise customers, InterScan Messaging Hosted Service. The Company also launched the beta version of a new consumer web-reputation service called TrendProtect, in March 2007 and announced the acquisition of HijackThis, a popular freeware anti-spyware program now available on TrendSecure that enables technically savvy users to identify and remove unwanted and malicious programs.

"We were very pleased with our achievements in the first quarter of 2007, and particularly note the introduction of our Total Web Threat Protection technology which helps advance the preventative security available to customers against pernicious web threats, today and tomorrow," said Eva Chen, CEO of Trend Micro. "We delivered a number of new messaging-protection, small-medium business and mobile device solutions for both businesses and consumers, and the acquisition of HijackThis extends our ability to provide value-add services to end-users everywhere. Our steadfast focus on content security continues to support our potential for growth now and in the future."

Based on information currently available to the company, consolidated net sales for the second quarter ending June 30, 2007 is expected to be 22.5 billion Yen (or US $192.31 million, based on an exchange rate of 117JPY = 1USD). Operating income and net income are expected to be 5.3 billion Yen (or US $45.30 million) and 3.0 billion Yen (or US $25.64 million), respectively.

Growth rate figures are calculated from Japanese Yen results. Some discrepancy may therefore be noted in US Dollar comparisons owing to fluctuations in currency conversion rates.

First Quarter Business Highlights

Corporate

- In March 2007, Trend Micro announced state-of-the-art Web threat protection technology. New in-the-cloud Trend Micro Web Reputation technology is a key new innovation being added to the Trend Micro multi-layered approach for dealing with evolving multi-component Web threats that take advantage of the interactive nature of the Internet. Total Web Threat Protection is a key component within the Trend Micro Secure Content & Threat Management security solutions portfolio.
- Following closely the certification awarded to Trend Micro consumer products in the previous quarter, Trend Micro Client Server Messaging Security 3.6 client was awarded Microsoft Vista logo certification in March 2007.
- New customers in the first quarter included:

  In the United States and Canada – BJC Healthcare. In Europe - RDC DATACENTRUM, ICT Center Justice department, and in China – TCL Group, DongFeng Automobile Co., LTD., China Mobile & Telecom Company FUJIAN Co., Ltd, China NETCOM(Group)Company Limited Beijing Branch and China Mobile Company HEBEI Branch

Awards

- At the beginning of March 2007, Channel Reseller News in North America announced the winners of its CRN 2007 Channel Champions. Trend Micro earned a Channel Champs award for Program & Support in the Client Security Software category.
- At the end of March 2007, TechTarget's Information Security Magazine and SearchSecurity.com announced that Trend Micro AntiVirus plus AntiSpyware had been awarded the Information Security Readers Choice Silver Award in the Antimalware category.

Patents

Trend Micro was awarded the following patents in the first quarter 2007:

> U.S. Patent No. 7,188,369, entitled " System and Method Having an Antivirus Virtual Scanning Processor with Plug-in Functionalities" covers a computer processor emulator that enables virus detection instructions to be safely performed in a virtual environment without exposing virus infection to the host computer. According to a specific example of the patented technology, the virtual processor allows polymorphic viruses and compressed viruses to be safely decrypted and uncompressed, respectively, eliminating the need to determine the actual encryption or compression algorithm. This is particularly advantageous as viruses use encryption and compression schemes that are new and more complex.

Product

Trend Micro introduced the following products in the first quarter 2007:

- Trend Micro InterScan Messaging Hosted Service, Trend Micro Messaging Security Suite and Trend Micro InterScan Messaging Security Appliance, designed to provide enterprises a choice of solution form factor and to extend the security already available to protect corporate email as messaging threats evolve.
- Trend Micro ScanMail for Exchange – the latest version of ScanMail for Exchange continues to provide businesses proven protection against a multitude of email-borne threats. The solution now also includes technology to protect against zero-day attacks, image spam, and for improved web-threat security it includes dedicated anti-spyware as well.
- Trend Micro Worry-Free Security for small and medium-sized businesses – updates to Trend Micro Worry-Free security solutions include the addition of spyware and rootkit protection, further enhancing the comprehensive, single-installation security products already available for smaller organizations.
- TrendProtect and HijackThis – The acquisition of popular freeware anti-spyware tool HijackThis complemented the launch of the beta version of TrendProtect, a new web-reputation service for consumers available at www.trendsecure.com.
- Trend Micro Mobile Security 3.0 - The release of the latest version of Trend Micro Mobile Security protects users of the latest Nokia Smartphones against mobile malware while protecting against unwanted intrusions and data leakage through new firewall and intrusion detection technologies.

Notice Regarding Forward-looking Statements

Certain statements that we make in this release are forward-looking statements. These forward-looking statements are based upon management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties. Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- Difficulties in addressing new virus and other computer security problems
- Timing of new product introductions and lack of market acceptance for our new products
- The level of continuing demand for, and timing of sales of, our existing products
- Rapid technological change within the antivirus software industry
- Changes in customer needs for antivirus software
- Existing products and new product introductions by our competitors and the pricing of those products
- Declining prices for products and services
- The effect of future acquisitions on our financial condition and results of operations
- The effect of adverse economic trends on our principal markets
- The effect of foreign exchange fluctuations on our results of operations
- An increase in the incidence of product returns

- The potential lack of attractive investment targets and
- Difficulties in successfully executing our investment strategy

We assume no obligation to update any forward-looking statements. For more details regarding risk factors relating to our future performance, please refer to our filings with the U.S. Securities and Exchange Commission.

Supplementary Information

1. Consolidated Unaudited Results of Operations for First Quarter Ending March 31, 2007 (US GAAP)

*Figures for the First quarter of 2007 and 2006 are not audited.

(1) Consolidated Results of Operations

	FY2007 Current first quarter From January 1, 2007 To March 31, 2007	FY2006 Previous first quarter From January 1, 2006 To March 31, 2006	Growth Rate
	Millions of yen	Millions of yen	%
Net sales	23,252	20,778	11.9
Cost of sales	4,429	3,679	20.4
Operating expenses	12,195	8,570	42.3
Operating income	6,628	8,529	(22.3)
Other income (expenses)	883	348	153.4
Net income before taxes	7,511	8,877	(15.4)
Income taxes	3,185	3,710	(14.1)
Minority interest in income of consolidated subsidiaries	0	0	(69.5)

Equity in earnings of affiliated companies	21	(22)	(196.1)
Net income	4,347	5,145	(15.5)

(2) Segment information

Net sales to third parties

	FY2007 Current first quarter From January 1, 2007 To March 31, 2007	FY2006 Previous first quarter From January 1, 2006 To March 31, 2006
	Millions of yen	Millions of yen
Japan	8,538	8,028
North America	5,788	4,819
Europe	5,825	5,124
Asia Pacific	2,379	2,166
Latin America	722	641
Total	23,252	20,778

Deferred Revenue

	FY2007 As of March 31,2007	FY2006 As of March 31,2006
	Millions of yen	Millions of yen
Japan	22,904	18,350
North America	15,960	9,878

Europe	12,849	9,507
Asia Pacific	3,966	2,819
Latin America	1,507	1,324
Total	57,186	41,878

<Note> Classification of countries and regions into each segment.

North America: U.S.A.
Europe: Italy, Germany, France, UK, Ireland
Asia Pacific: Taiwan, Korea, Australia, Hong Kong, Malaysia, New Zealand, China, Singapore, Thailand, India
Latin America: Brazil, Mexico

(3) Basis of consolidation

The number of consolidated subsidiaries 19 (19 in overseas)
The number of unconsolidated subsidiaries -

(4) Increase (Decrease) of major assets, liabilities and shareholders' equity

	As of March 31, 2007	Increase (Decrease)	As of December 31, 2006
(Assets)	Millions of yen	Millions of yen	Millions of yen
Cash and cash equivalents	67,219	(8,978)	76,197
Notes and accounts receivable, trade -less allowance for doubtful accounts and sales returns	20,405	481	19,924
Marketable securities and securities investments	42,273	633	41,640
Goodwill	2,957	(26)	2,983

(Liabilities)			
Deferred revenue (Total of current and long term)	57,186	4,411	52,775
(Minority interest)			
Minority interest in consolidated subsidiaries	9	2	7
(Shareholders' equity)			
Treasury stock	(15,651)	(1,484)	(14,167)

2. Projected consolidated earnings (US GAAP) Projected earnings for the next quarter (April 1, 2007 through June 30, 2007)

	Net sales	Operating income	Net income
	Millions of yen	Millions of yen	Millions of yen
2nd Qtr	22,500	5,300	3,000

(Note) Since the business environment surrounding Trend Micro Group tends to fluctuate in the short run, it is difficult to make the highly reliable projection figures on a yearly basis. We, therefore, decided to announce the earnings on a quarterly basis in the fiscal year ending in December 2007 as well as earnings projection of the succeeding quarter.

If we found through our calculation conducted from time to time that the net sales fluctuate from the most recent quarterly projection by more than 10%, or operating income or net income fluctuates by more than 30%, we will announce the revision of the earnings projection.

About Trend Micro

Trend Micro Incorporated (TSE: 4704), a global cloud security leader, creates a world safe for exchanging digital information with its Internet content security and threat management solutions for businesses and consumers. A pioneer in server security with over 20 years' experience, we deliver top-ranked client, server and cloud-based security that fits our customers' and partners' needs, stops new threats faster, and protects data in physical, virtualized and cloud environments. Powered by the Trend Micro™ Smart Protection Network™ cloud security infrastructure, our industry-leading cloud-computing security technology, products and services stop threats where they emerge, on the Internet, and are supported by 1,000+ threat intelligence experts around the globe.

Additional information about Trend Micro Incorporated and the products and services are available at Trend Micro.com This Trend Micro news release and other announcements are available at http://trendmicro.mediaroom.com/ and as part of an RSS feed at www.trendmicro.com/rss Or follow our news on Twitter at @TrendMicro.

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