Trend Micro

FY2007. 2Q / Semi Annual Results

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COO / CFO , Representative Director

August 9, 2007

Forward Looking Statements

Certain Statements that we make in this presentation 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 anti-virus software industry;
- changes in customer needs for anti-virus software;
- existing products and new product introductions by our competitors and the pricing of those products;
- declining prices for our 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.

FY2007. 2Q Financial Highlight

*** We have applied to Japan GAAP since this quarter.**

Consolidated Results

(in million Yen) (unaudited)

Three months ended Mar 31,	*2Q2006*		*2Q2007*		*YoY growth*
Net sales	20,447		25,138		23%
Cost of sales	3,733		4,242		14%
Operating expenses	10,250		12,027		17%
Operating income *(Margin)*	6,465	*(32%)*	8,869	*(35%)*	37%
Ordinary income	6,806		9,781		44%
Net income	4,369		6,404		47%

(In accordance with Japan GAAP)

Amount of contracts concluded

	2Q2006	2Q2007	YoY growth
Bookings	22,296	29,867	34%

(Non-GAAP)

・If we use an "average deferral ratio" for 2Q2006 and reply it to 2Q2007, for expediency's sake

	2Q2006	2Q2007	YoY growth
Net sales	20,447	27,391	34%
Operating income	6,465	11,122	72%

(Non-GAAP)

If currency exchange rates used for 2Q2006 were used for 2Q2007

	2Q2006	2Q2007	YoY growth
Net sales	20,447	23,791	16%

** The JPY amount for 2Q2007 shown above has been calculated by applying to each foreign currency net sales amount for 2Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 2Q2006 into a JPY net sales amount for Japan GAAP reporting purposes.*

(Non-GAAP)

USD based Results (Non-GAAP)

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(unaudited)
(in thousand USD)

Three months ended Jun 30,	*2Q2006*	*2Q2007*	*YoY change*
Net sales	178,237	207,842	17%
Cost of sales	32,538	35,071	8%
Operating expenses	89,348	99,442	11%
Operating income	56,351	73,330	30%
Ordinary income	59,330	80,871	36%
Net Income	37,446	52,948	41%

(Non-GAAP)

For each of the quarters shown in the table above, JPY Japan GAAP amounts have been converted to USD amounts using the exchange rates of USD=114.72 JPY for 2Q2006 and 1 USD =120.95 JPY for 2Q2007, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

Net Sales Growth by Region

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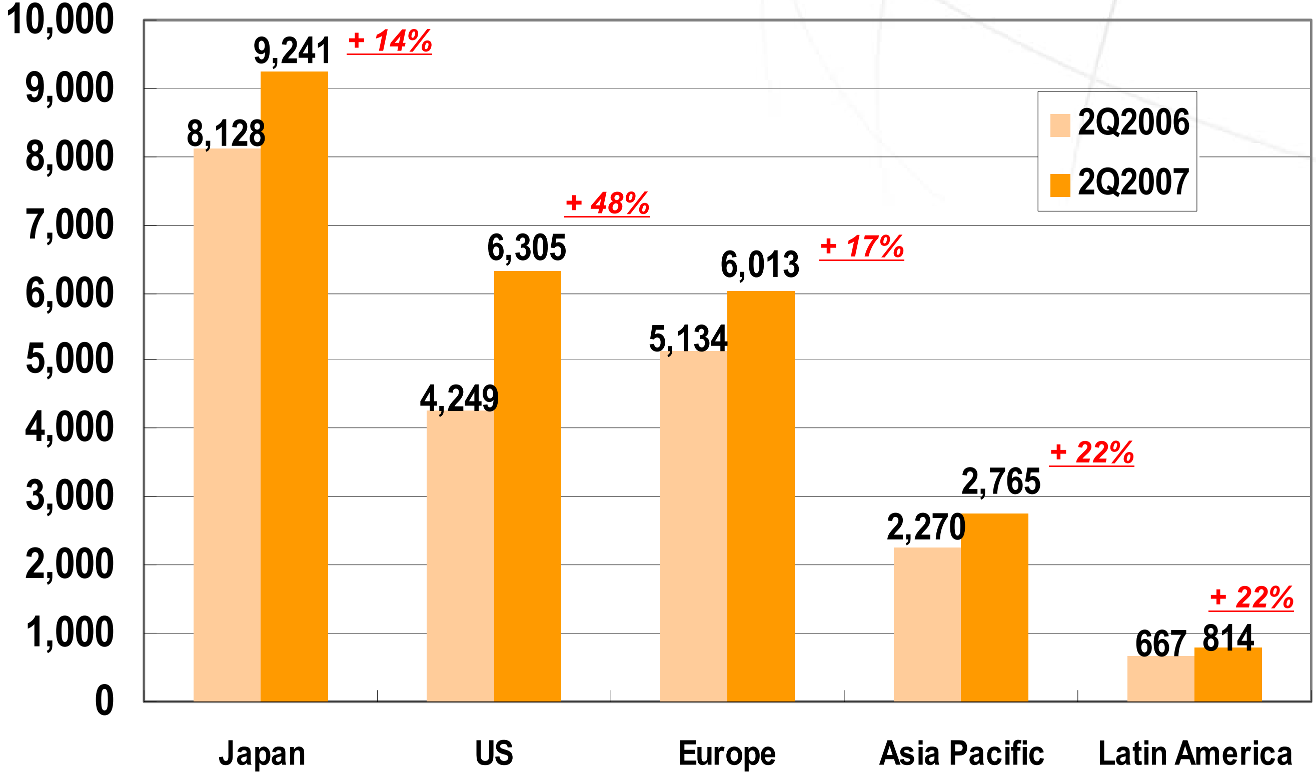
(in million Yen)

(unaudited)



(In accordance with Japan GAAP)

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Net Sales Growth by Region

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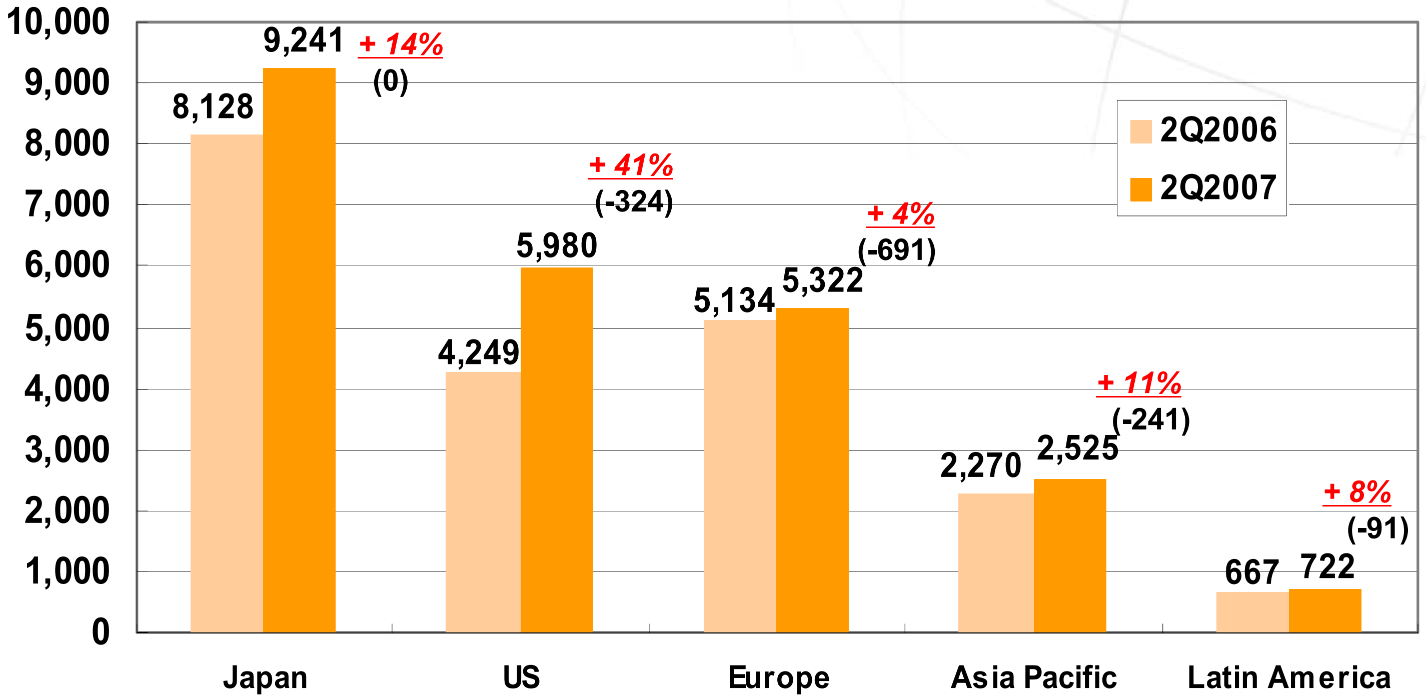
If currency exchange rates used for 2Q2006 were used for 2Q2007:

(in million Yen)

** ( ) : difference from GAAP base*

(unaudited)



(Non-GAAP)

** Each JPY amount for 2Q2007 shown above has been calculated by applying to the relevant foreign currency net sales amount for 2Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 2Q2006 into a JPY net sales amount for Japan GAAP reporting purposes. Net sales in Europe were all reported in Euro. Net sales in Asia Pacific and Latin America were reported in more than one foreign currency.*

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Changing from US GAAP to Japan GAAP

We have applied to Japan GAAP since this quarter.

*** There is No impact to Net sales**

(Main differences between US GAAP and Japan GAAP for cost side)

- ***Stock option expenses***
  (Previously, we have recognized all of stock option expenses with rights existed. While, Japan GAAP regulates to recognize only ones which we have issued since May 1, 2006 as started of Japanese Company Law.
  This treatment might affect a decrease stock option expenses by 700 million yen in Q2.)

- ***Recognition of Amortization of goodwill***
  （In accordance with Japan GAAP, Amortization of goodwill must be recognized.
  This treatment might affect an increase SG&A by 150 million yen in Q2）

Each quarter numbers in accordance with Japan GAAP from 1Q2006 to 1Q2007 *(* just for reference)*

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※ There is No impact to Net sales.

(unaudited)

(in million Yen)

		FY2006					FY2007
		Q1	Q2	Q3	Q4	Annual	Q1
US-GAAP	Net Sales	20,778	20,447	21,156	23,232	85,614	23,252
	Cost of sales	3,679	3,826	3,886	4,503	15,894	4,429
	Operating expenses	8,570	10,891	11,022	12,161	42,644	12,195
	Operating income	8,529	5,730	6,249	6,568	27,076	6,628
	Net income before income taxes	8,877	5,893	7,042	7,744	29,556	7,511
	Net income	5,145	3,240	3,896	4,956	17,236	4,347
JAPAN-GAAP	Net Sales	20,778	20,447	21,156	23,232	85,614	23,252
	Cost of sales	3,368	3,733	3,731	4,321	15,153	4,299
	Operating expenses	9,317	10,250	10,211	11,324	41,102	11,585
	Operating income	8,093	6,465	7,214	7,587	29,359	7,368
	Ordinary income	8,413	6,806	8,059	8,624	31,903	8,282
	Net income before income taxes	6,247	6,972	8,058	8,601	29,878	8,252
	Net income	4,293	4,369	4,814	5,852	19,328	5,065

(Non-GAAP)

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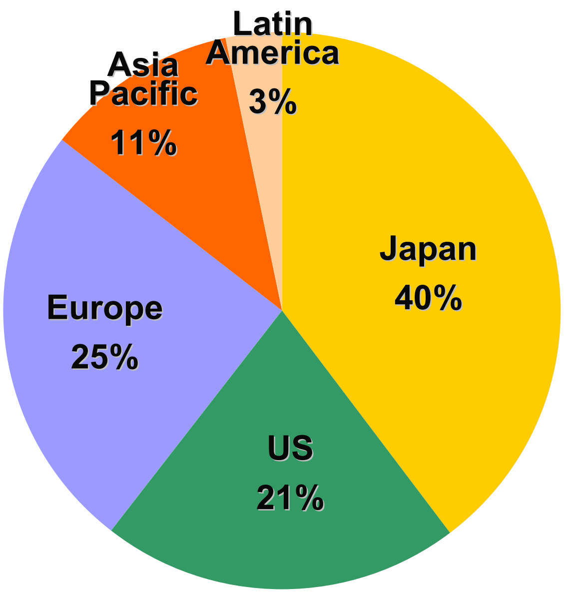
% share by region

(unaudited)

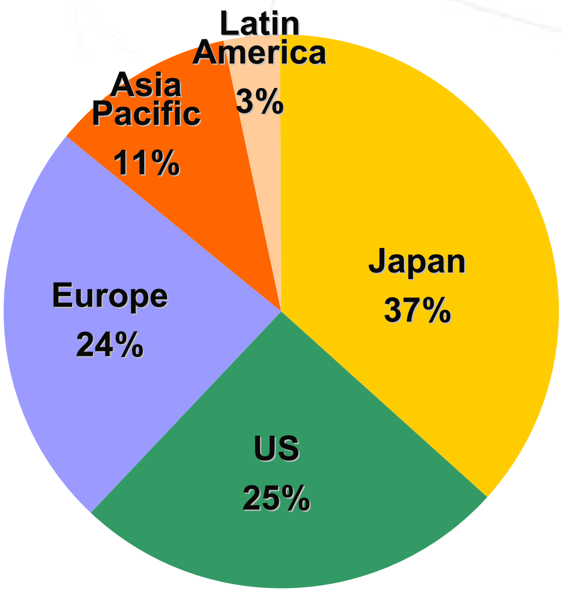
2Q2006

20,447 million Yen



2Q2007

25,138 million Yen

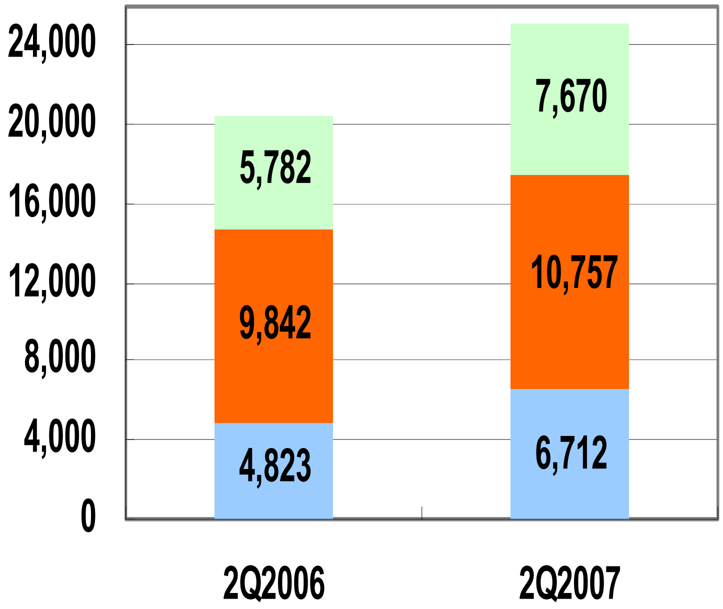


(In accordance with Japan GAAP)

Sales by Segment

(unaudited)

(in million Yen)



YoY growth

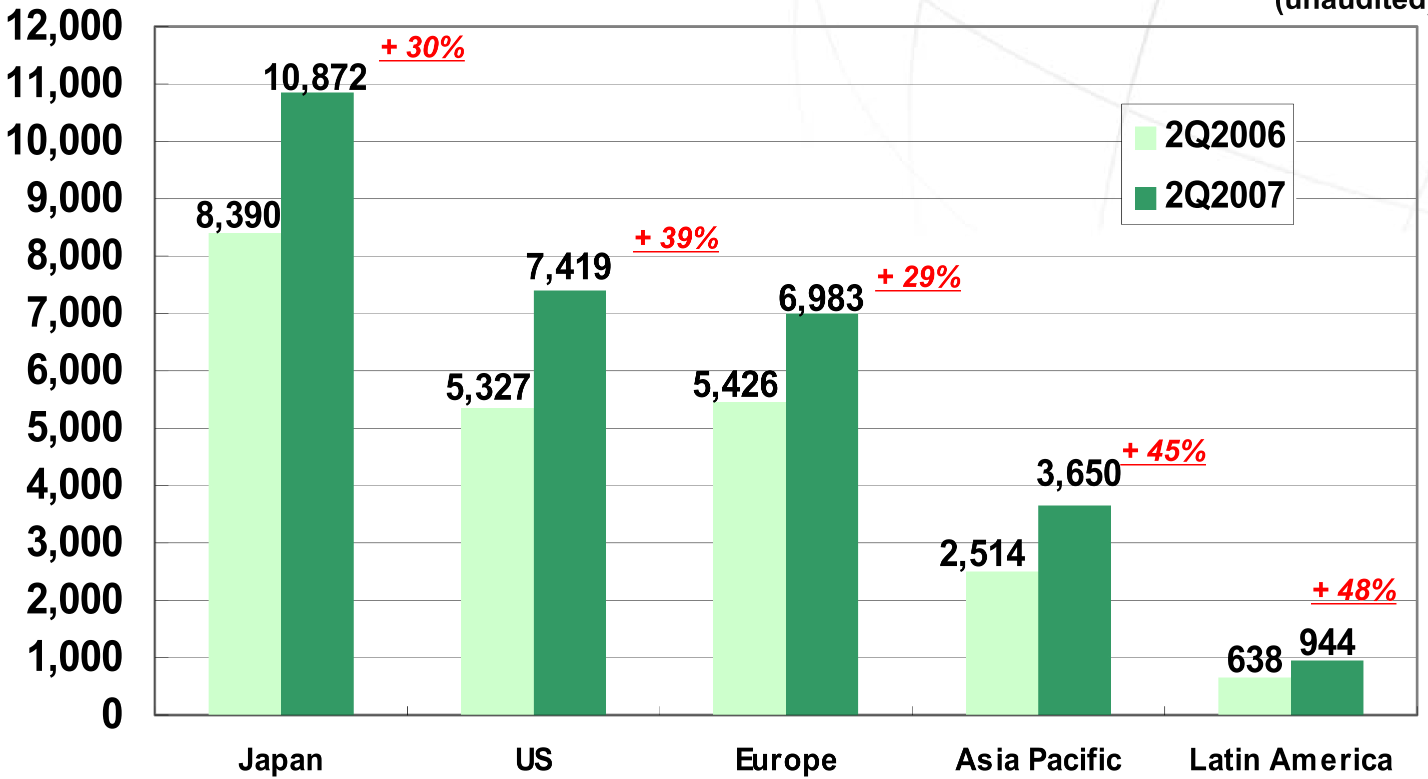
Large Enterprise	+ 33%
Small & Medium	+ 9%
Consumer	+ 39%

(Non-GAAP)

Bookings (Amount of contracts concluded)

(in million Yen)

(unaudited)



(Non-GAAP)

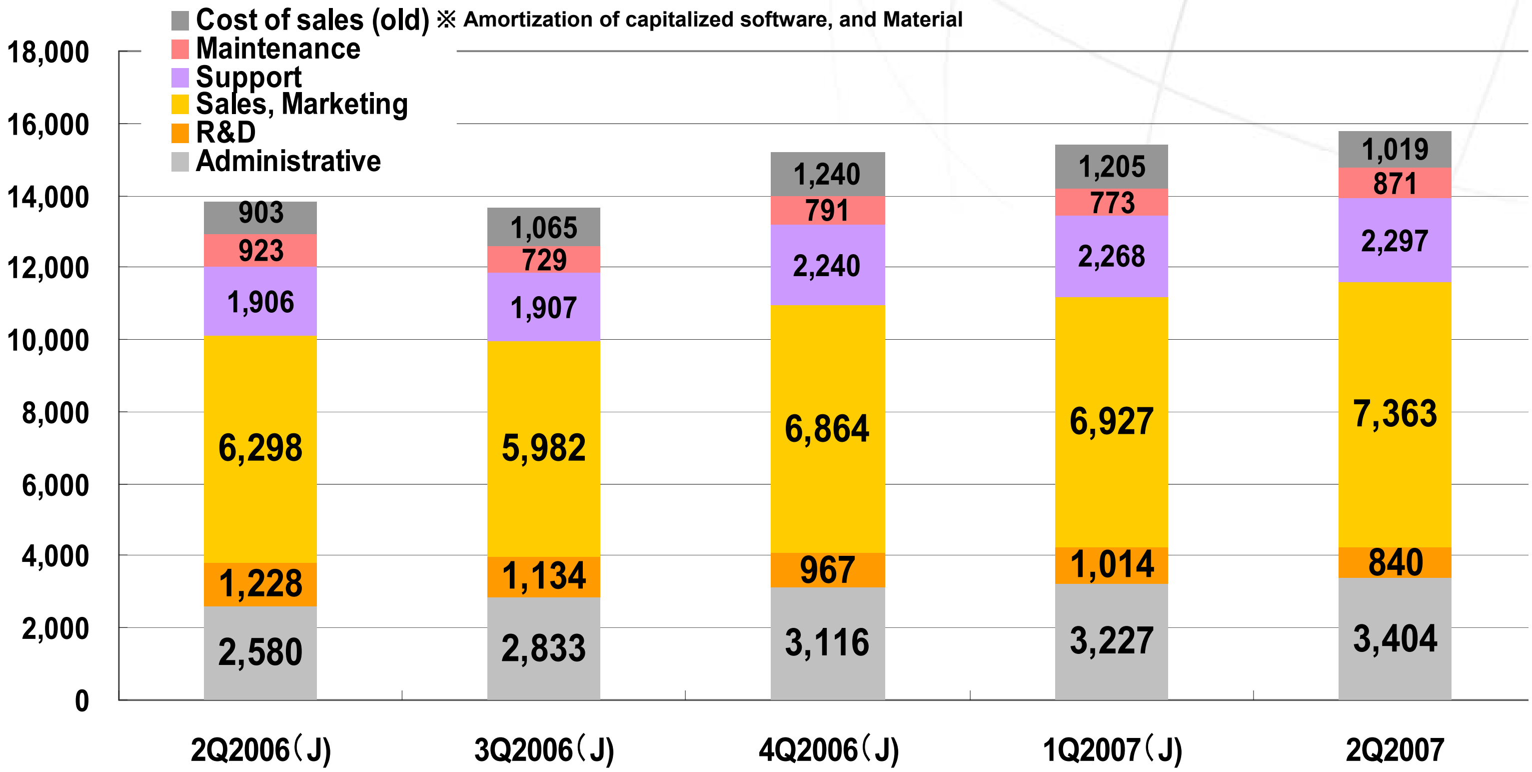
Bookings means amount of contracts concluded.

Cost of sales & Operating expenses

(excluding both stock option expenses and amortization of goodwill effects)

(in million Yen)

(unaudited)



(Non-GAAP)

Bookings vs Total costs

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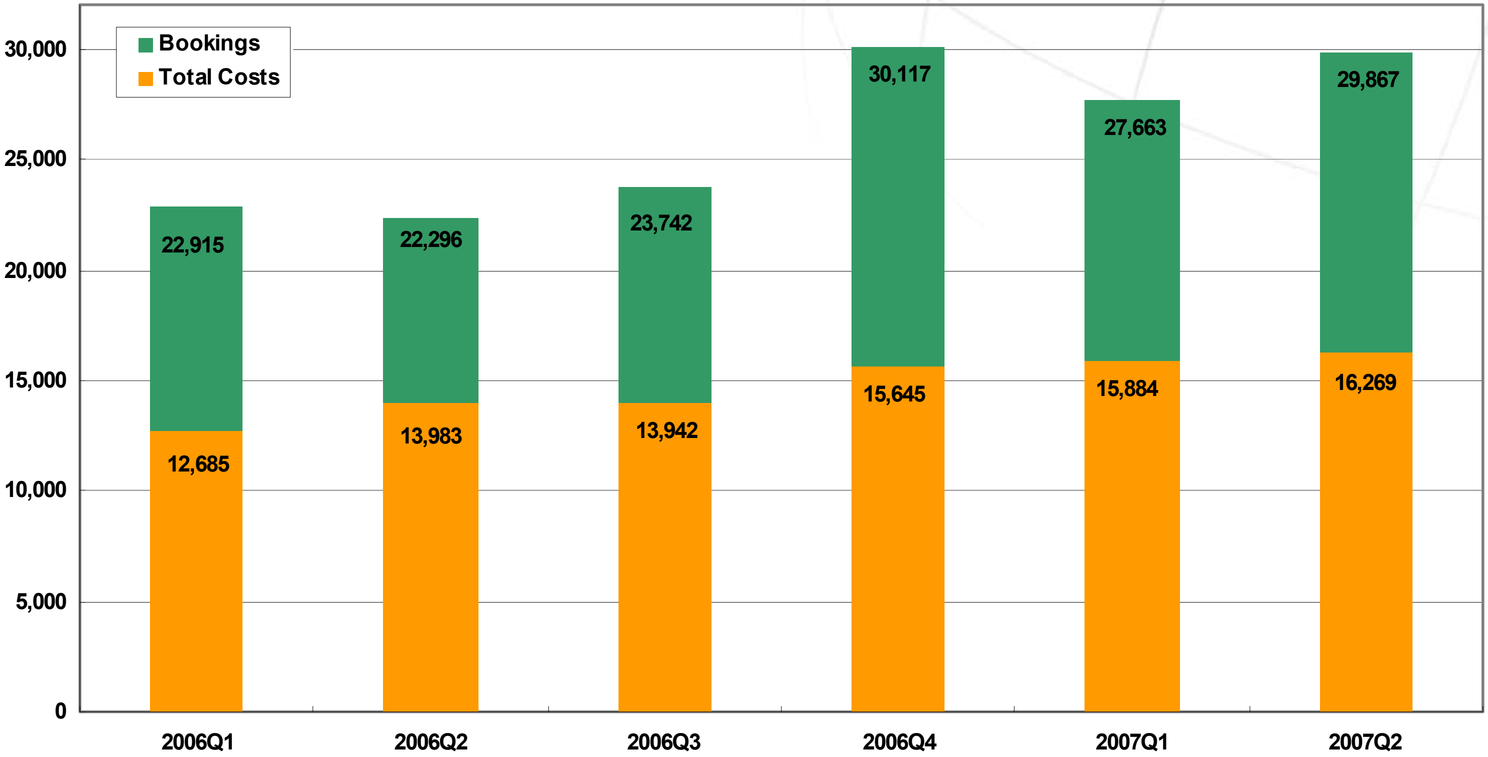
(in million Yen) (unaudited)



** "Total costs" means COGS + SGA.*

(Non-GAAP)

Q2 Highlights

- ***Strong growth in North America***
- ***Increase in market share***
- ***Virus Buster renewal rate maintained despite increase in renewal price***

Q2 Lowlights

- ***New business growth still below expectations***
- ***Europe still not fully recovered***

Headcount

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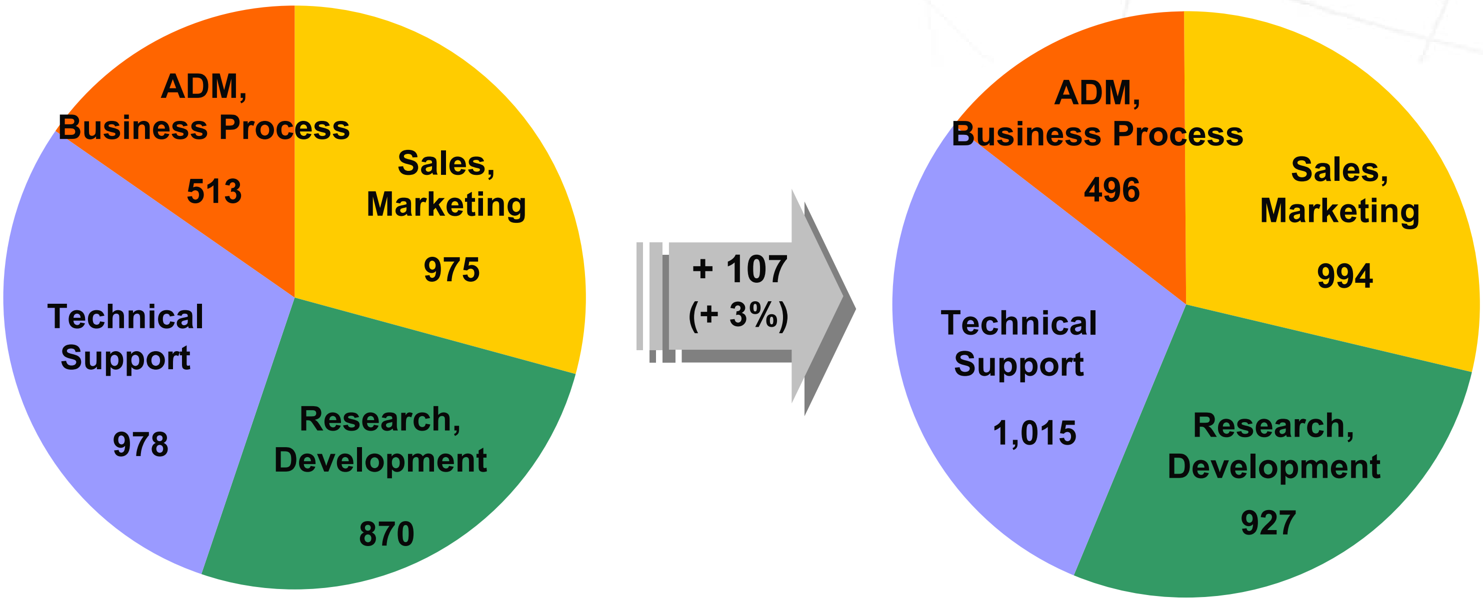
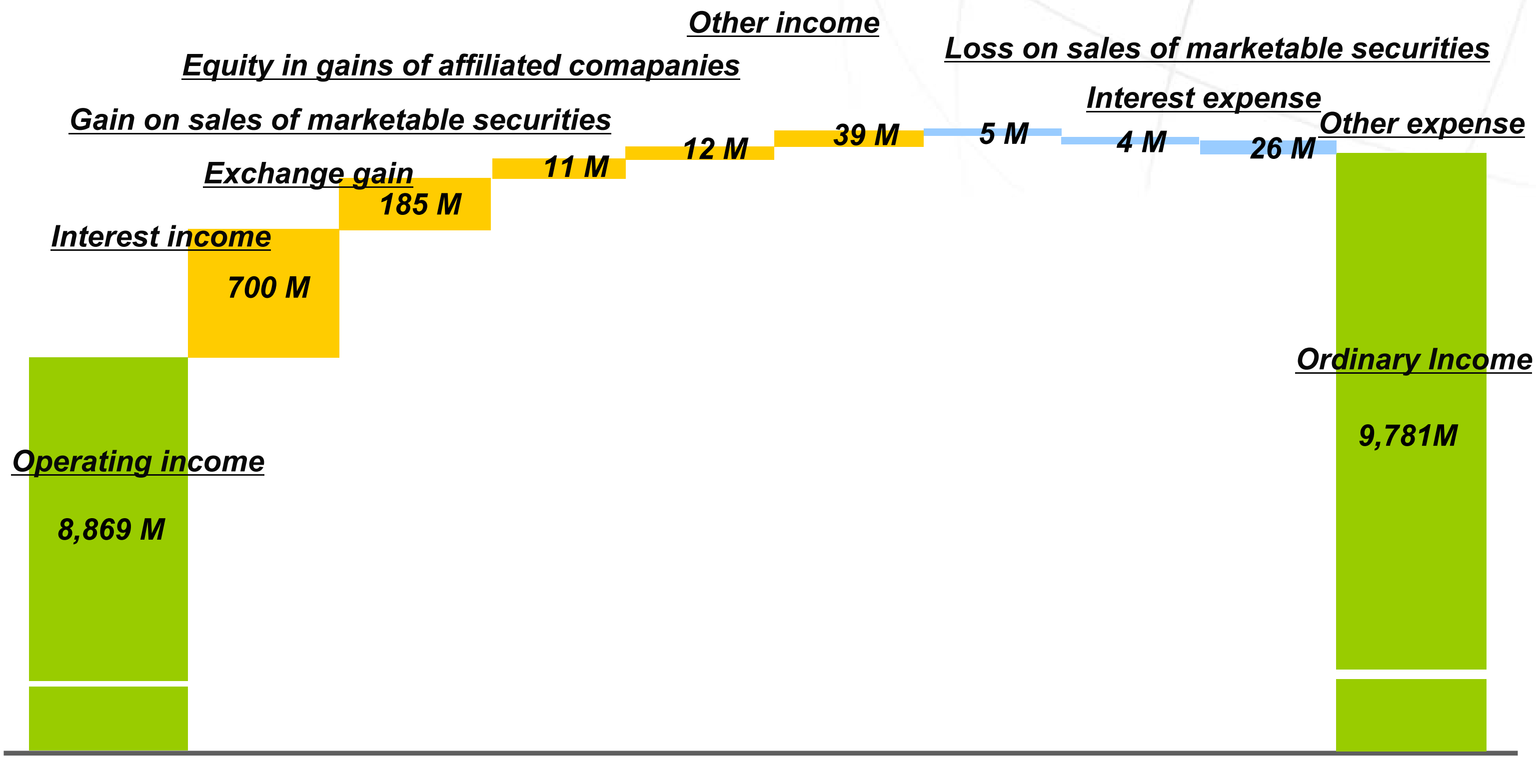
Mar - 2007 **3,336**

Jun - 2007 **3,432**



Non-operating Items

(unaudited)



(In accordance with Japan GAAP)

Balance Sheet

(unaudited)

(in million Yen)

	Mar-2007	change	Jun-2007
Assets			
Cash & cash equivalents	68,438	*+ 10,853*	79,291
Account receivable *(less allowance for doubtful accounts)*	20,698	*+ 329*	21,027
Marketable securities & Securities investments	42,273	*+ 2,314*	44,587
Liabilities			
Deferred revenue *(total of current and long-term)*	57,186	*+ 4,729*	61,915
Shareholders' Equity			
Common Stock & Additional paid in capital	29,762	*+ 744*	30,506
Treasury Stock	- 15,651	*- 860*	- 16,511

(In accordance with Japan GAAP)

FY2007 Semi Annual Financial Highlight

*** We have applied to Japan GAAP since this Semi Annual.**

Consolidated Results (Semi Annual)

(in million Yen) (unaudited)

Six months ended Jun 30,	1H2006		1H2007		YoY growth
Net sales	41,225		48,390		17%
Cost of sales	7,101		8,541		20%
Operating expenses	19,567		23,612		21%
Operating income *(Margin)*	14,557	*(35%)*	16,237	*(34%)*	12%
Ordinary income	15,219		18,063		19%
Net income	8,661		11,469		32%

(In accordance with Japan GAAP)

Amount of contracts concluded

	1H2006	1H2007	YoY growth
Bookings	45,211	57,531	27%

(Non-GAAP)

・If we use an "average deferral ratio" for 1H2006 and reply it to 1H2007, for expediency's sake

	1H2006	1H2007	YoY growth
Net sales	41,225	52,462	27%
Operating income	14,557	20,309	40%

(Non-GAAP)

If currency exchange rates used for 1H2006 were used for 1H2007

	1H2006	1H2007	YoY growth
Net sales	41,225	46,299	12%

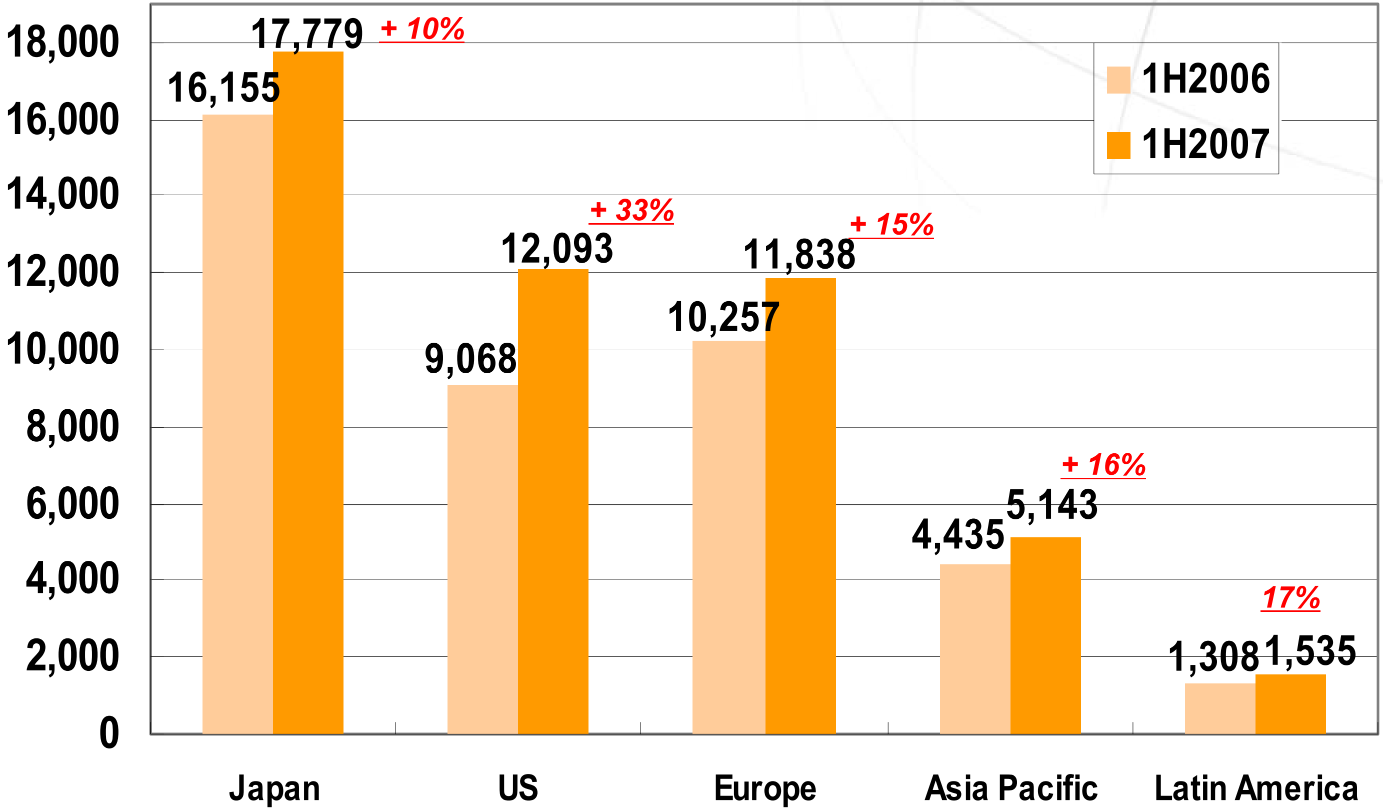
** The JPY amount for 1H2007 shown above has been calculated by applying to each foreign currency net sales amount for 1H2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1H2006 into a JPY net sales amount for Japan GAAP reporting purposes.*

(Non-GAAP)

Net Sales Growth by Region

(in million Yen)

(unaudited)



(In accordance with Japan GAAP)

Net Sales Growth by Region

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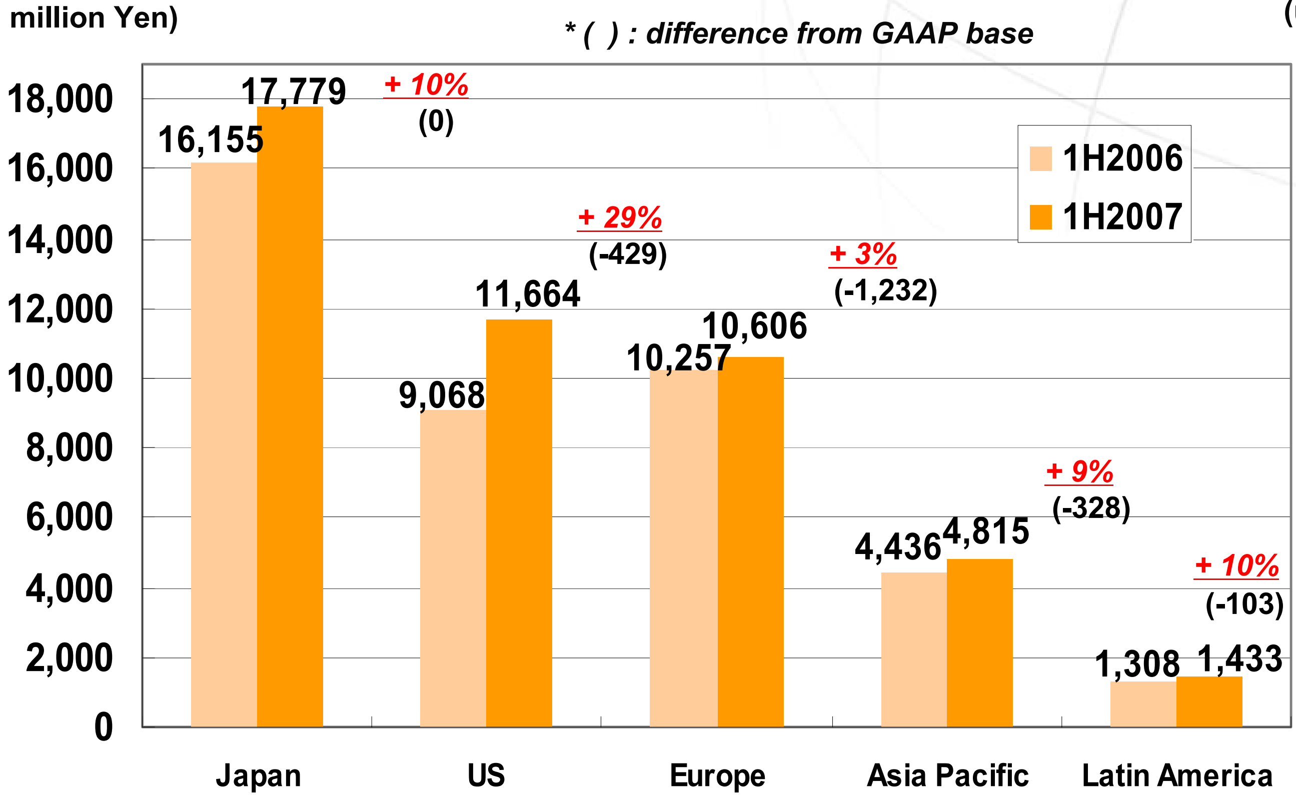
If currency exchange rates used for 1H2006 were used for 1H2007:

(in million Yen)

(unaudited)



(Non-GAAP)

** Each JPY amount for 1H2007 shown above has been calculated by applying to the relevant foreign currency net sales amount for 1H2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1H2006 into a JPY net sales amount for Japan GAAP reporting purposes. Net sales in Europe were all reported in Euro. Net sales in Asia Pacific and Latin America were reported in more than one foreign currency.*

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Q3 forecast assumptions

- ***North America grow higher than average, EMEA growth rate same and Japan lower than average.***

- ***Stock option expenses will be 0.3Bn yen***

- ***Estimated exchange rate: 1USD = 118 yen***
  1EUR = 161 yen

Projection for 3Q2007

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(unaudited)

(in million Yen)

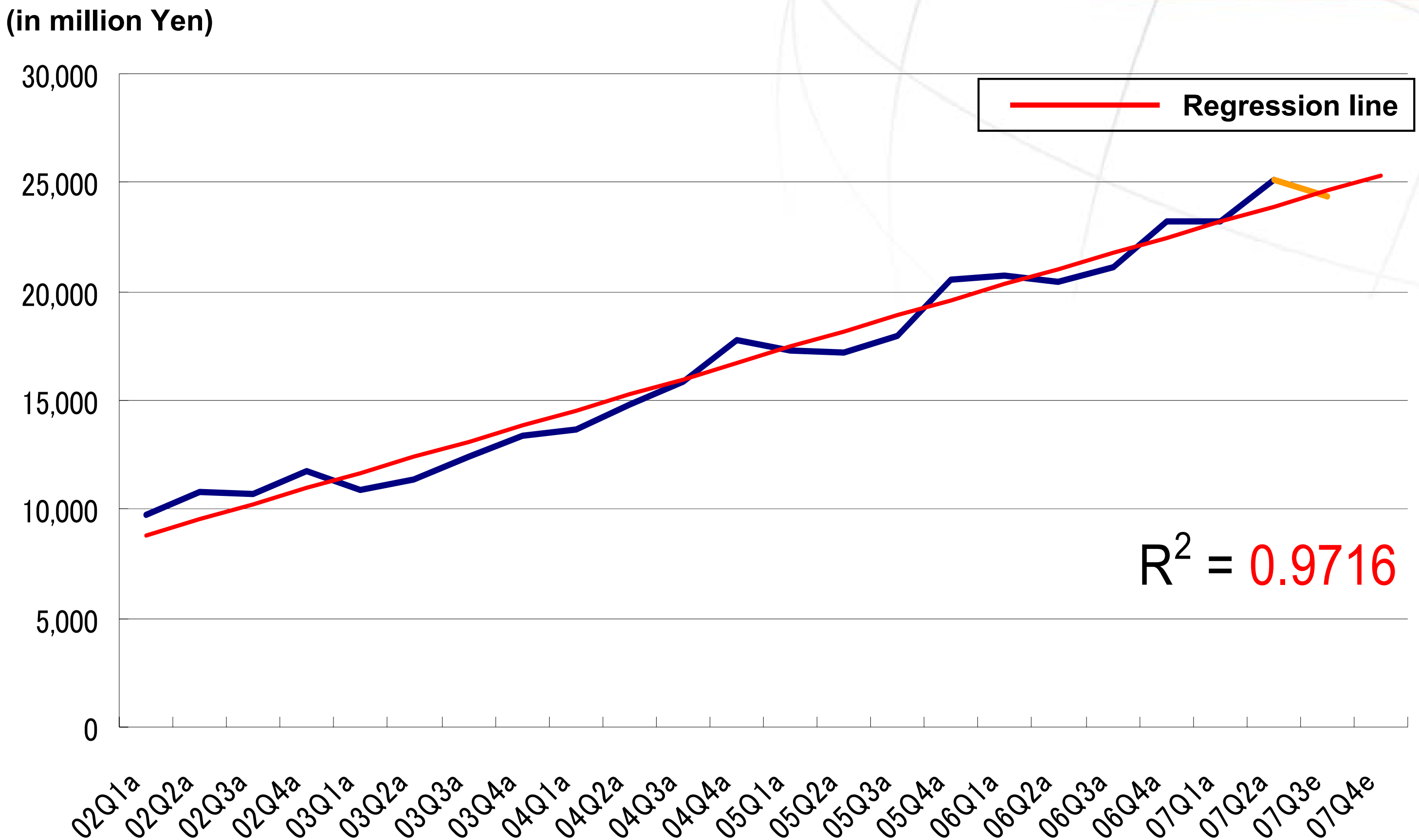
	For 3Q2007 Jul - Sep, 2007	*Expected YoY growth*
Net Sales	**24,400**	***15%***
Operating Income	**7,400**	***3%***
Ordinary Income	**9,000**	***12%***
Net Income	**5,450**	***13%***

- **Including both stock option expenses and amortization of goodwill（about 491M Yen）**

(In accordance with Japan GAAP)

Amount of contracts concluded **Bookings**	**28,000**	***18%***	**(Non-GAAP)**

Regression chart of net sales



(Non-GAAP)

Appendix

Appendix

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Quarterly Chart (1)

(unaudited)

(in million Yen)

	FY2006				FY2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	20,778	20,447	21,156	23,232	23,252	25,138		
Cost of sales	3,368	3,733	3,731	4,321	4,299	4,242		
Operating expenses	9,317	10,250	10,211	11,324	11,585	12,027		
Operating income	8,093	6,465	7,214	7,587	7,368	8,869		
Ordinary income	8,413	6,806	8,059	8,624	8,282	9,781		
Net income	4,293	4,369	4,814	5,852	5,065	6,404		

(COGS and SG&A)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Amortization of capitalized software, and Material	893	903	1,065	1,240	1,205	1,019		
Maintenance	707	923	729	791	773	871		
Support	1,768	1,906	1,907	2,240	2,268	2,297		
Sells, Marketing	5,844	6,298	5,982	6,864	6,927	7,363		
R&D	814	1,228	1,134	967	1,014	840		
Admin, etc.	2,513	2,580	2,833	3,116	3,227	3,404		
Stock Option expenses			146	279	320	324		
Amortization of goodwill	146	143	146	148	150	151		
Total	12,685	13,983	13,942	15,645	15,884	16,269		

**** Above quarterly numbers in accordance with Japan GAAP from FY2006Q1 to FY2007Q1 are just for reference.***

Appendix

Quarterly Chart (2)

(unaudited)

(in million Yen)

	FY2006				FY2007			
(Sales by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	8,028	8,128	8,315	8,777	8,538	9,241		
US	4,819	4,249	4,897	5,330	5,788	6,305		
Europe	5,124	5,134	5,119	5,774	5,825	6,013		
Asia Pacific	2,166	2,270	2,178	2,535	2,378	2,765		
Latin America	642	667	647	816	722	814		
Total	20,778	20,447	21,156	23,232	23,252	25,138		
(Sales by segment)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Enterprise	5,395	5,782	6,261	7,302	6,943	7,670		
Small & Medium	9,772	9,842	9,952	10,733	10,656	10,757		
Consumer	5,611	4,823	4,944	5,196	5,653	6,712		
Total	20,778	20,447	21,156	23,232	23,252	25,138		
(Bookings by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	9,391	8,390	9,027	9,636	11,259	10,872		
US	5,389	5,327	6,972	7,430	7,039	7,419		
Europe	5,139	5,426	4,742	8,969	6,057	6,983		
Asia Pacific	2,219	2,514	2,383	3,003	2,609	3,650		
Latin America	777	638	618	1,079	699	944		
Total	22,915	22,296	23,742	30,117	27,663	29,867		

** “Bookings” means amount of contracts concluded.*

Thank You

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