



Securing Your Journey
to the Cloud



Trend Micro FY2011.2Q Results

Mahendra Negi COO/CFO, Representative Director

August 10, 2011

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.

FY2011. 2Q Financial Highlight

(Second quarter ended June 30, 2011)

Consolidated Results

Three months ended Jun 30,	(in million Yen) (unaudited)		
	2Q2010	2Q2011	YoY growth
Net sales	23,493	24,333	+ 4%
Cost of sales	4,025	4,343	+ 8%
Operating expenses	13,900	13,334	- 4%
Operating income (Margin)	5,567 (24%)	6,655 (27%)	+ 20%
Ordinary income	5,744	6,874	+ 20%
Net income	3,237	3,934	+ 22%

(In accordance with Japan GAAP)

Amount of contracts concluded

Bookings	21,477	24,176	+ 13%
	<i>(In case of excluding a foreign exchange impact)</i>		

+ 3%

(Non-GAAP)

If currency exchange rates used for 2Q2010 were used for 2Q2011

Net sales	23,493	24,963	+ 6%
-----------	--------	--------	------

* The JPY amount for 2Q2011 shown above has been calculated by applying to each foreign currency net sales amount for 2Q2011 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 2Q2010 into a JPY net sales amount for Japan GAAP reporting purposes.

(Non-GAAP)
MICRO

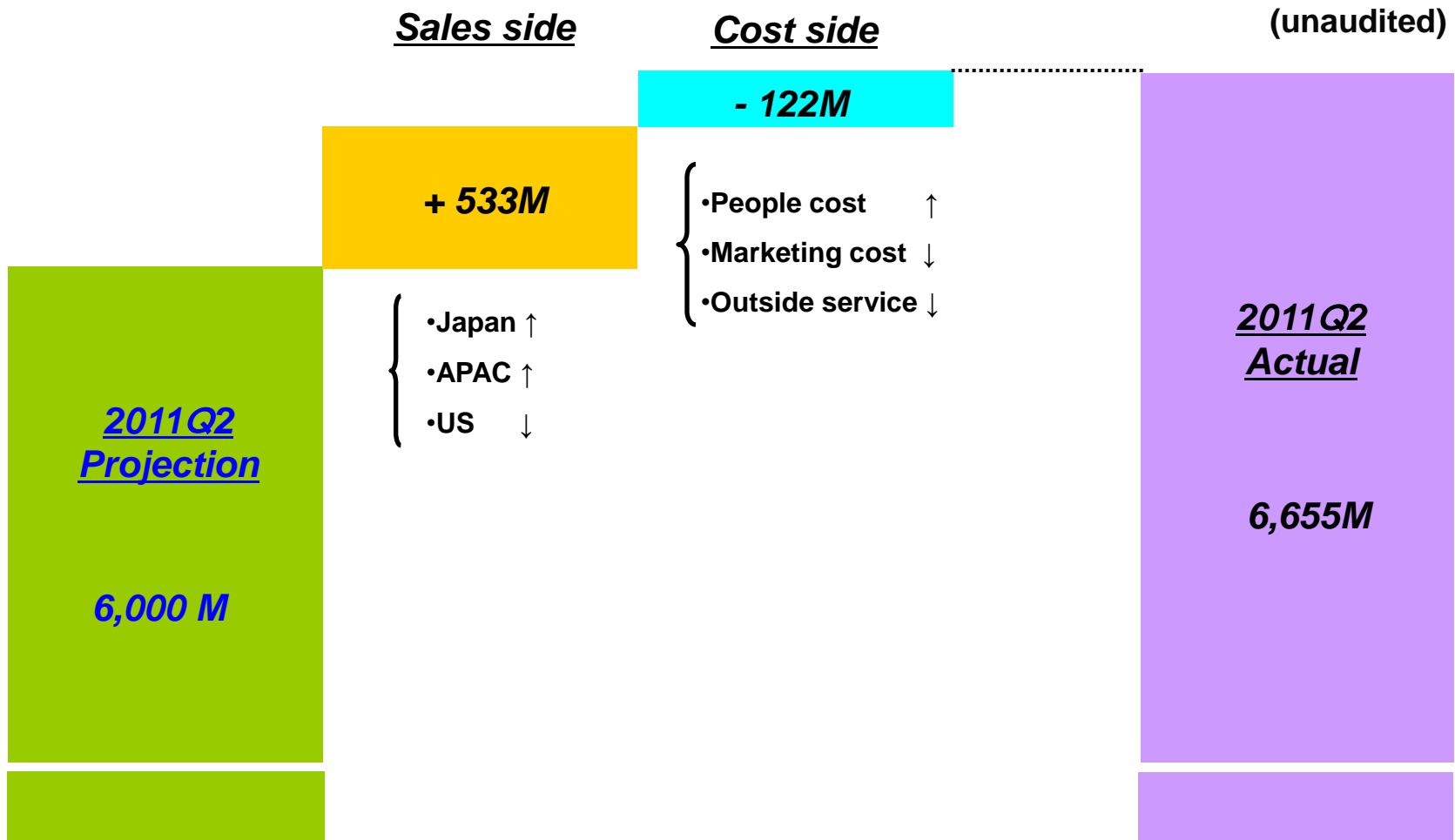
USD based Results (Non-GAAP)

<i>Three months ended Jun 30,</i>	<i>2Q2010</i>	<i>2Q2011</i>	<i>(unaudited) (in thousand USD) YoY change</i>
Net sales	255,532	297,767	17%
Cost of sales	43,788	53,145	21%
Operating expenses	151,189	163,177	8%
Operating income	60,554	81,444	34%
Ordinary income	62,477	84,122	35%
Net Income	35,211	48,145	37%

(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=91.94 JPY for 2Q2010 and 1 USD =81.72 JPY for 2Q2011, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

Vs. Projection analysis (Operating income)

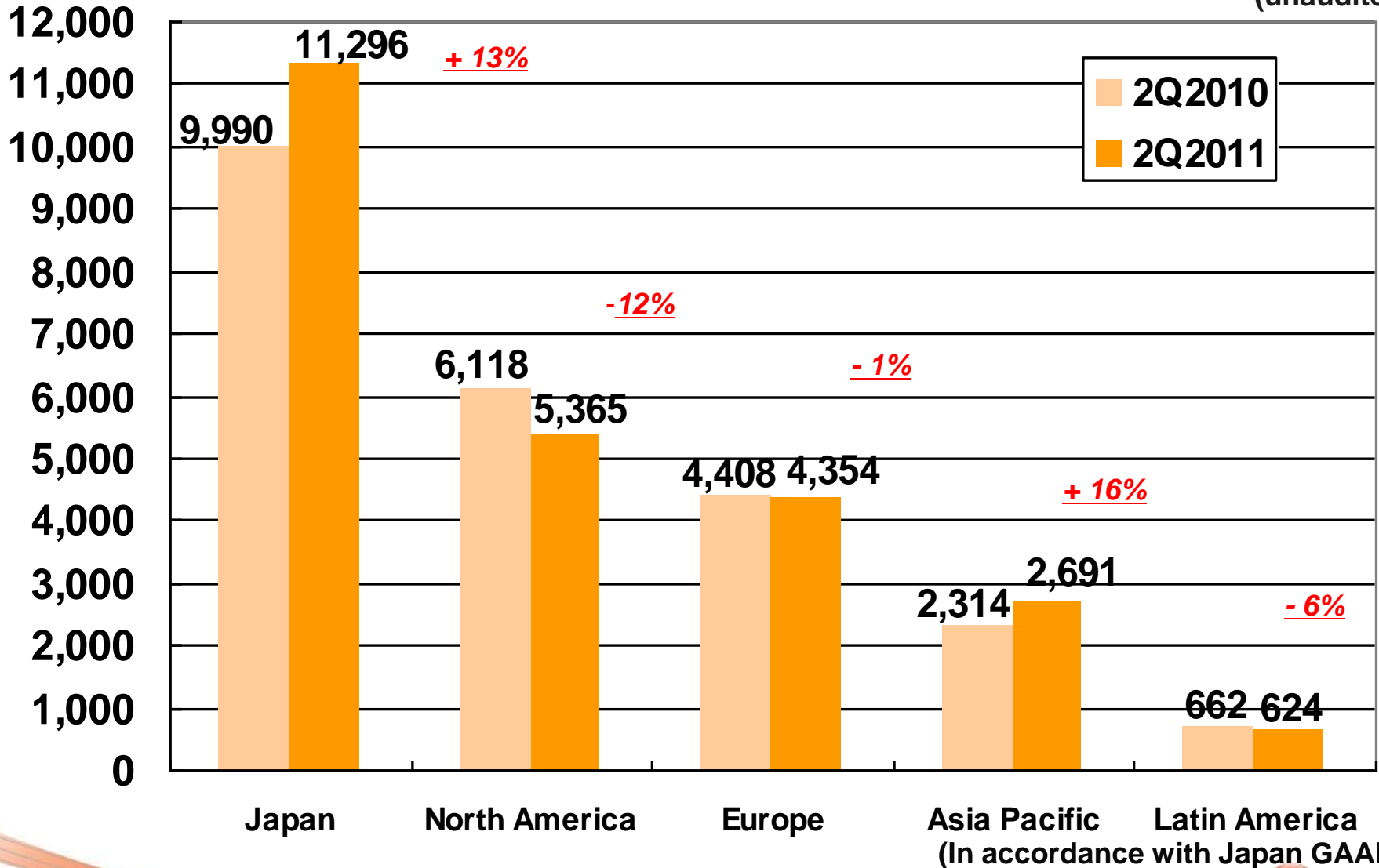


(Non-GAAP)

Net Sales Growth by Region

(in million Yen)

(unaudited)



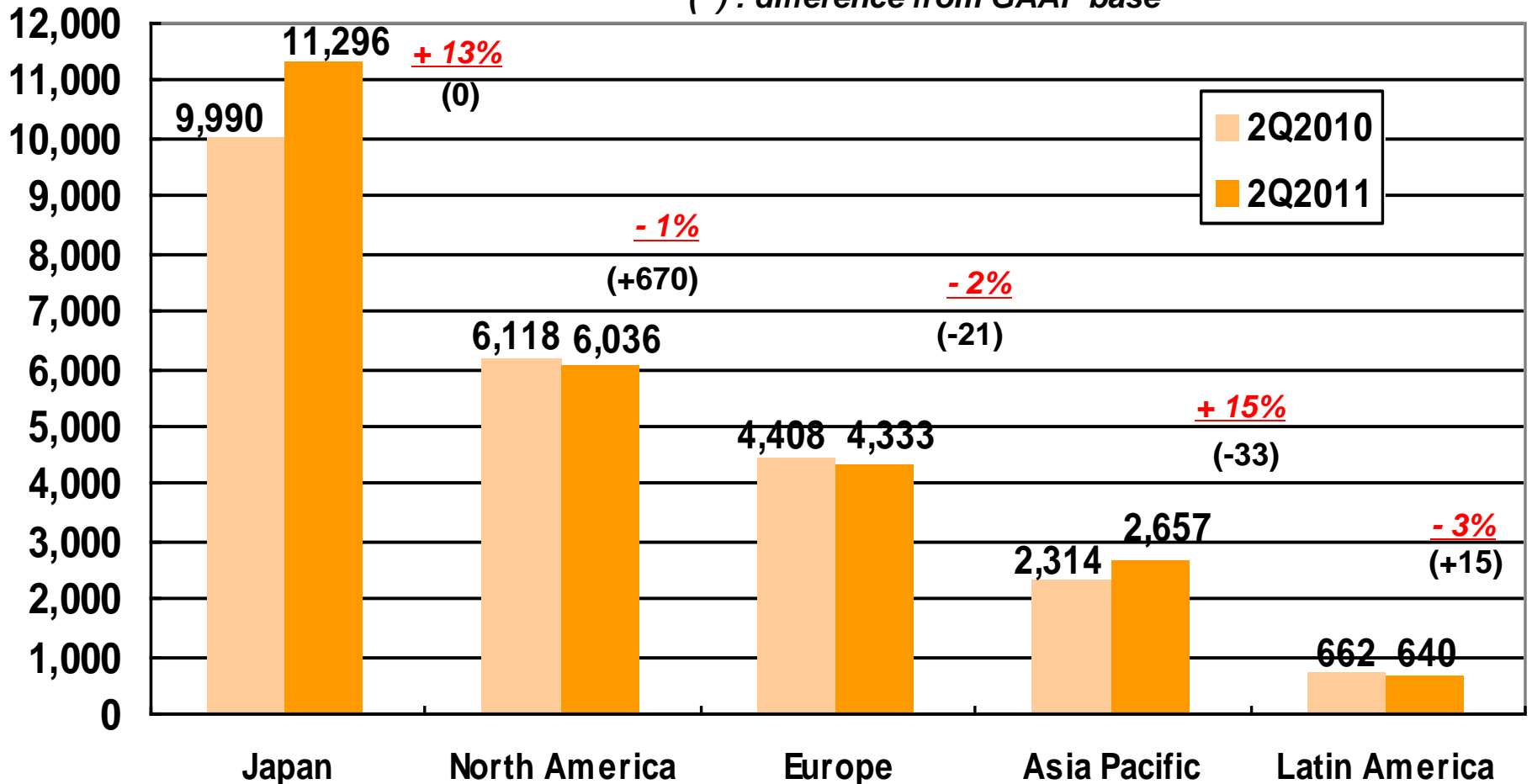
Net Sales Growth by Region

If currency exchange rates used for 2Q2010 were used for 2Q2011:

(in million Yen)

* () : difference from GAAP base

(unaudited)

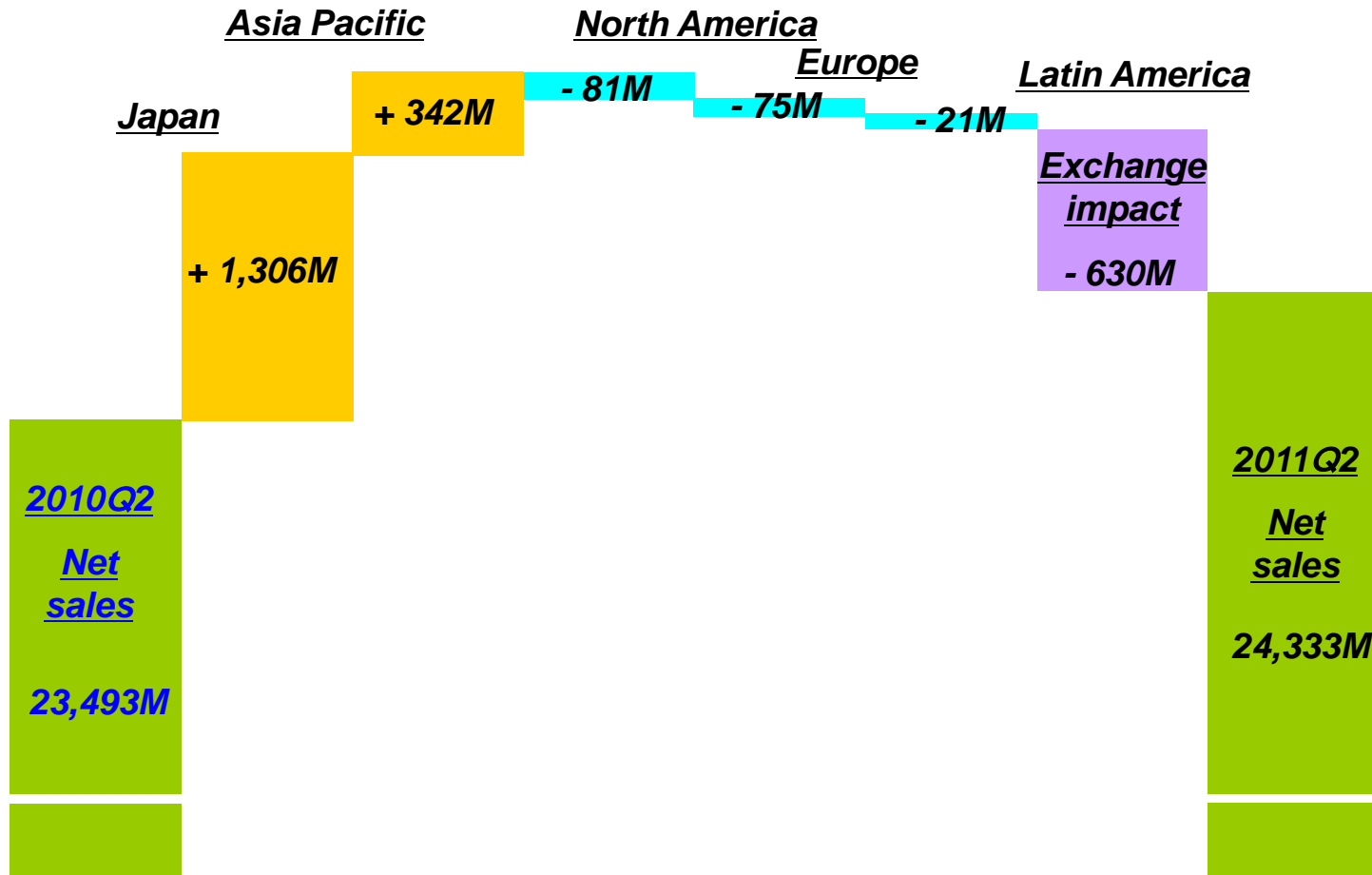


* Each JPY amount for 2Q2011 shown above has been calculated by applying to the relevant foreign currency net sales amount for 2Q2011 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 2Q2010 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.

(Non-GAAP)

Decomposition of Revenue (vs. last year)

(unaudited)

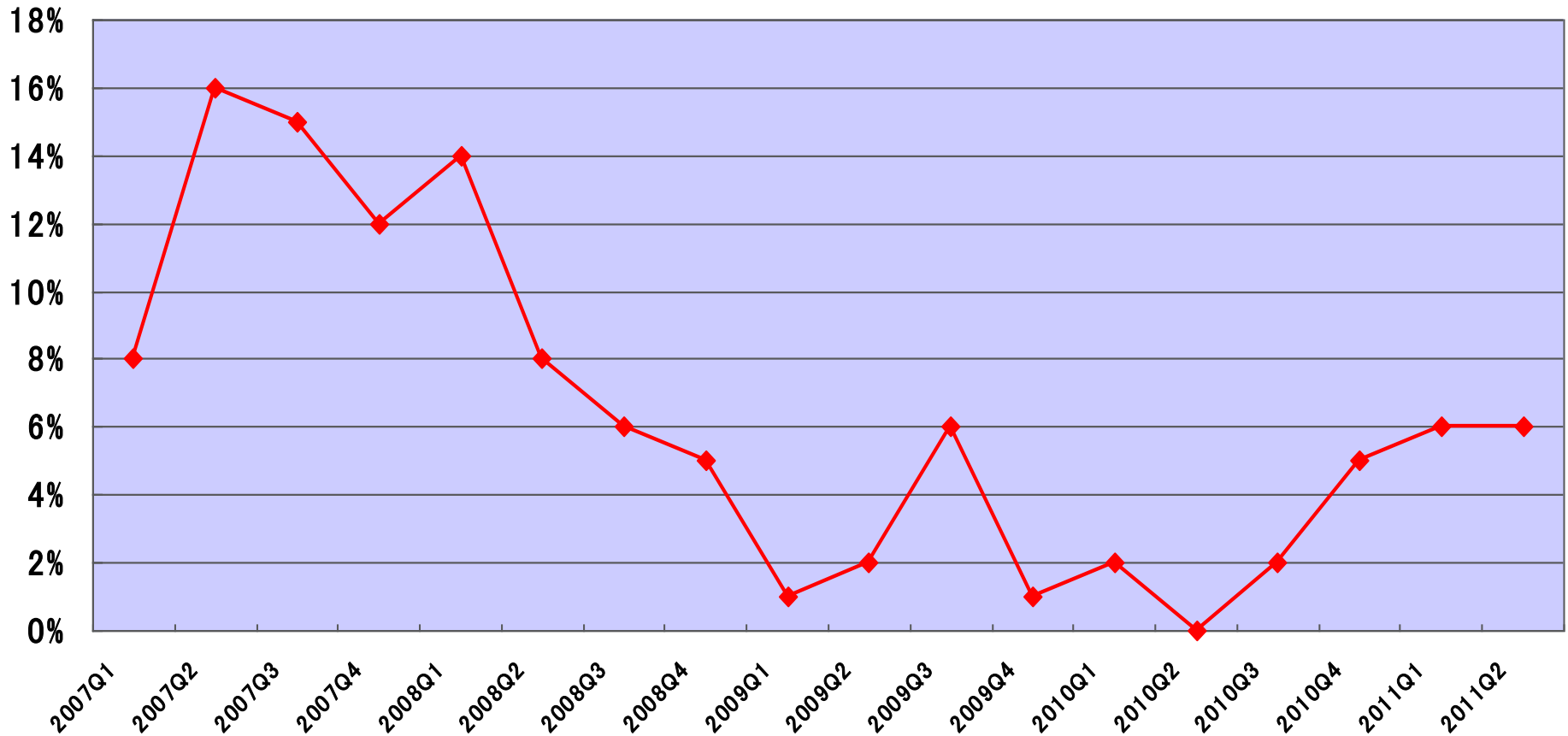


(Non-GAAP)

Constant currency Revenue growth

(unaudited)

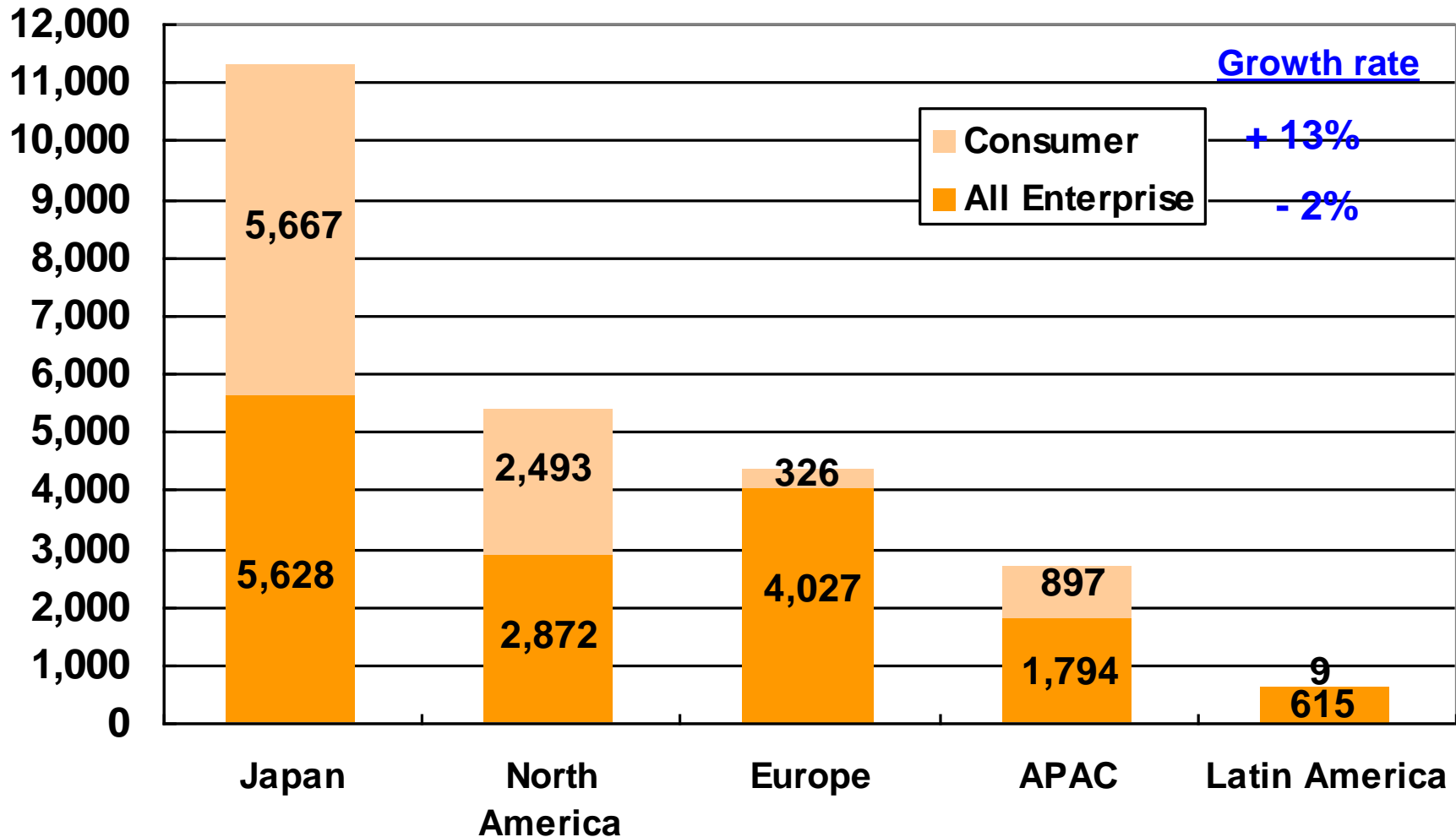
(YoY)



• Each growth rate shown above is based on applying to each quarter the same currency rate as the previous year for the same period

Sales by Segment

(in million Yen)



(Non-GAAP)

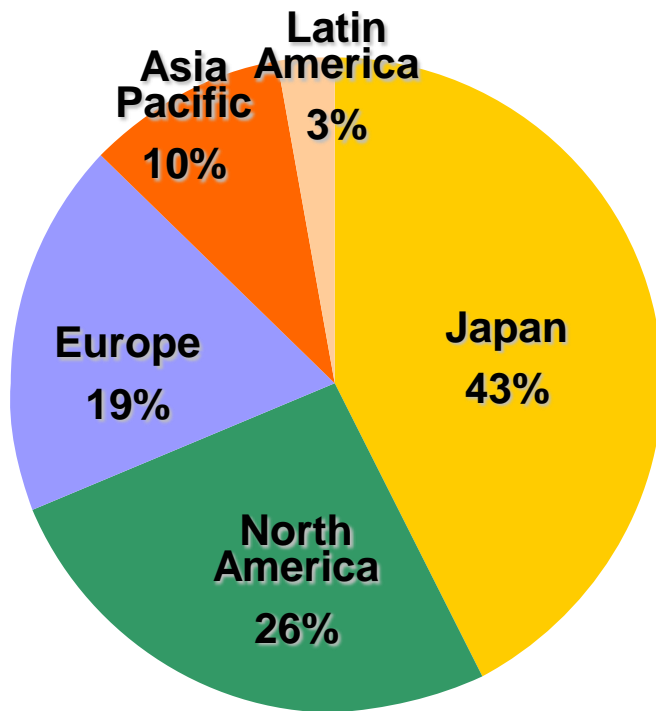


% share by region

(unaudited)

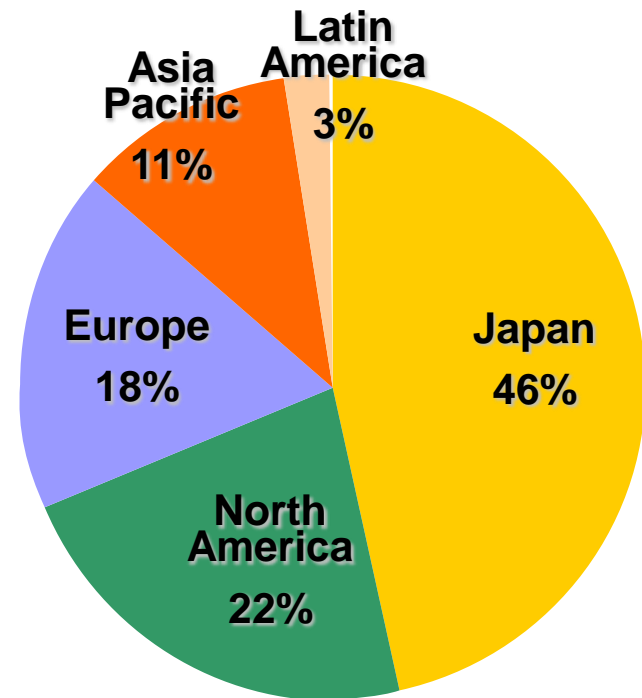
2Q2010

23,493 million Yen



2Q2011

24,333 million Yen

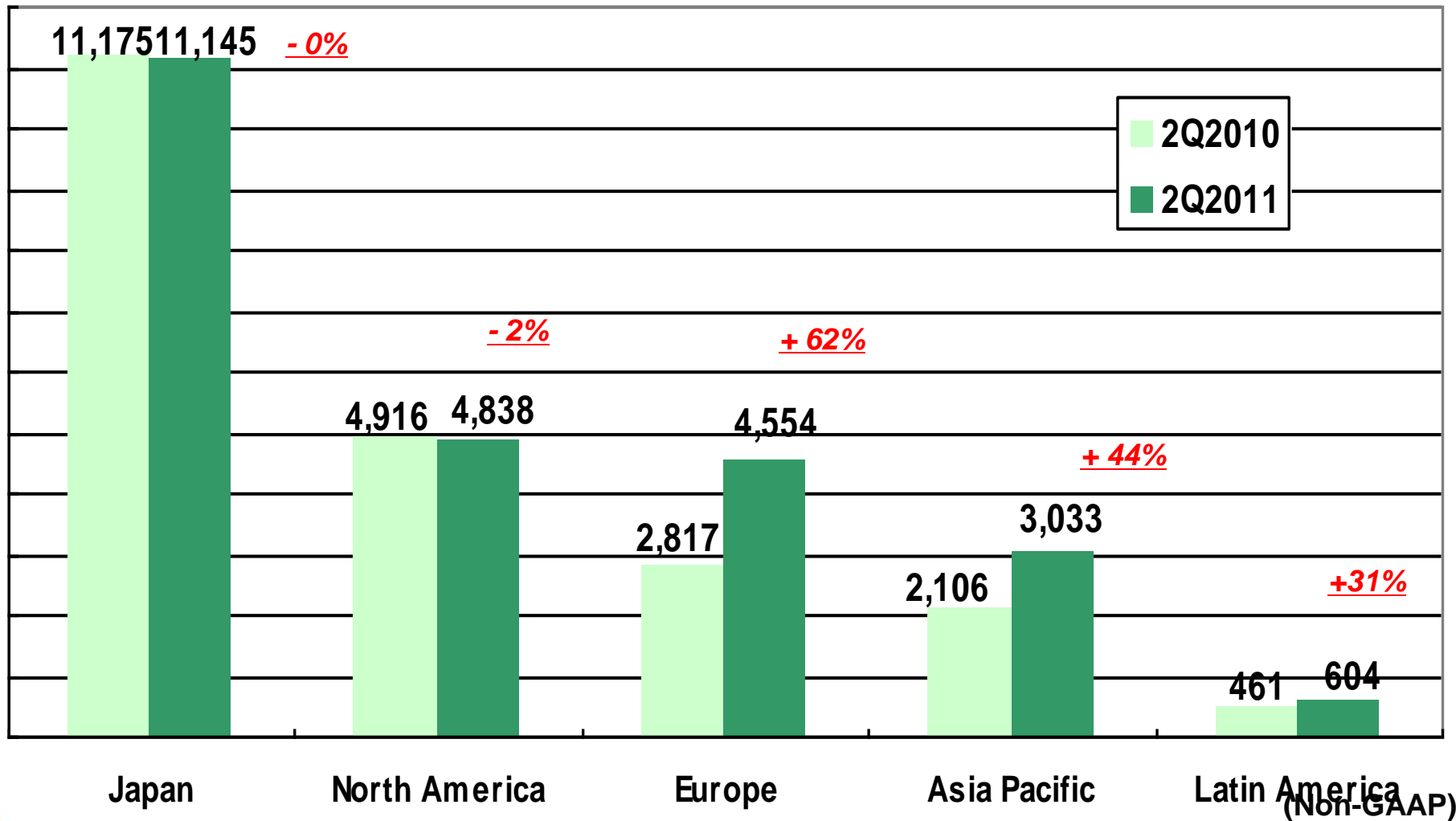


(In accordance with Japan GAAP)

Bookings (Amount of contracts concluded)

(in million Yen)

(unaudited)



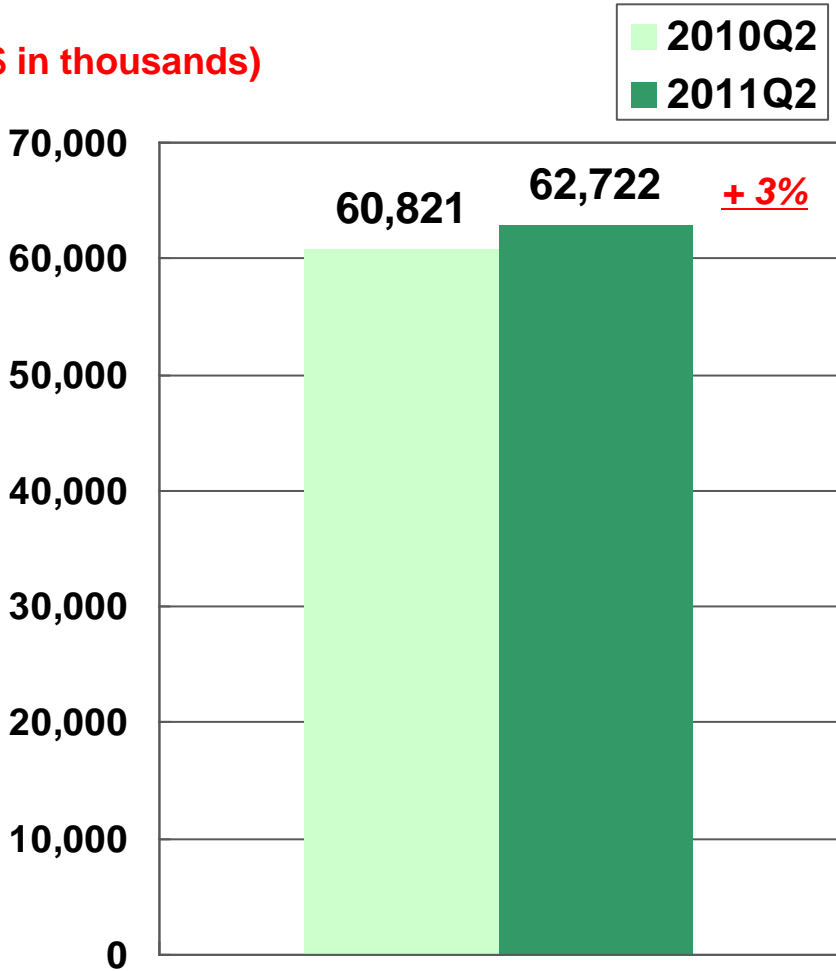
* Bookings = Net sales + Deferred revenue balance as of this Q – Deferred revenue balance as of previous Q

Local currency based Bookings (US, Europe)

North America (*excluding Canada entity) Bookings in \$ and EMEA Bookings in €

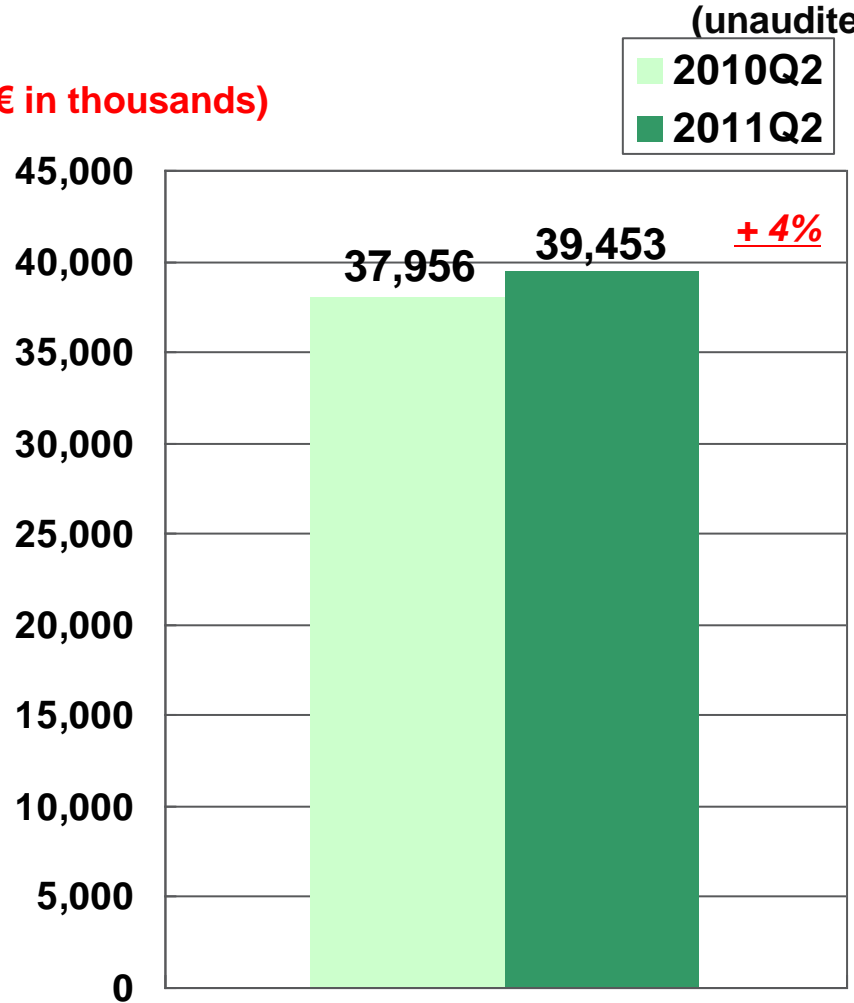
(unaudited)

(\$ in thousands)



North America
(excluding Canada entity)

(€ in thousands)



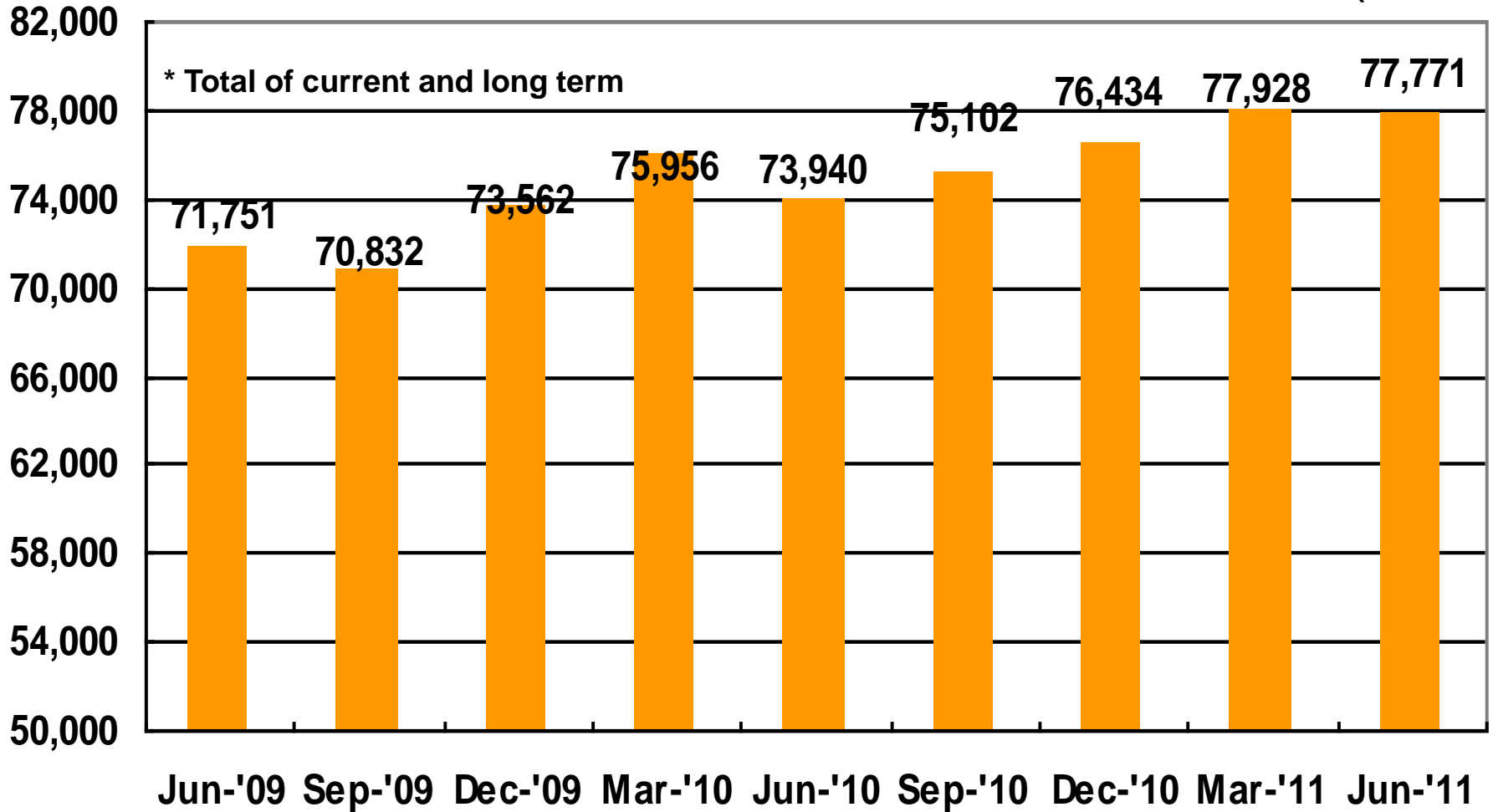
Europe

(Non-GAAP)

Deferred Revenue

(in million Yen)

(unaudited)

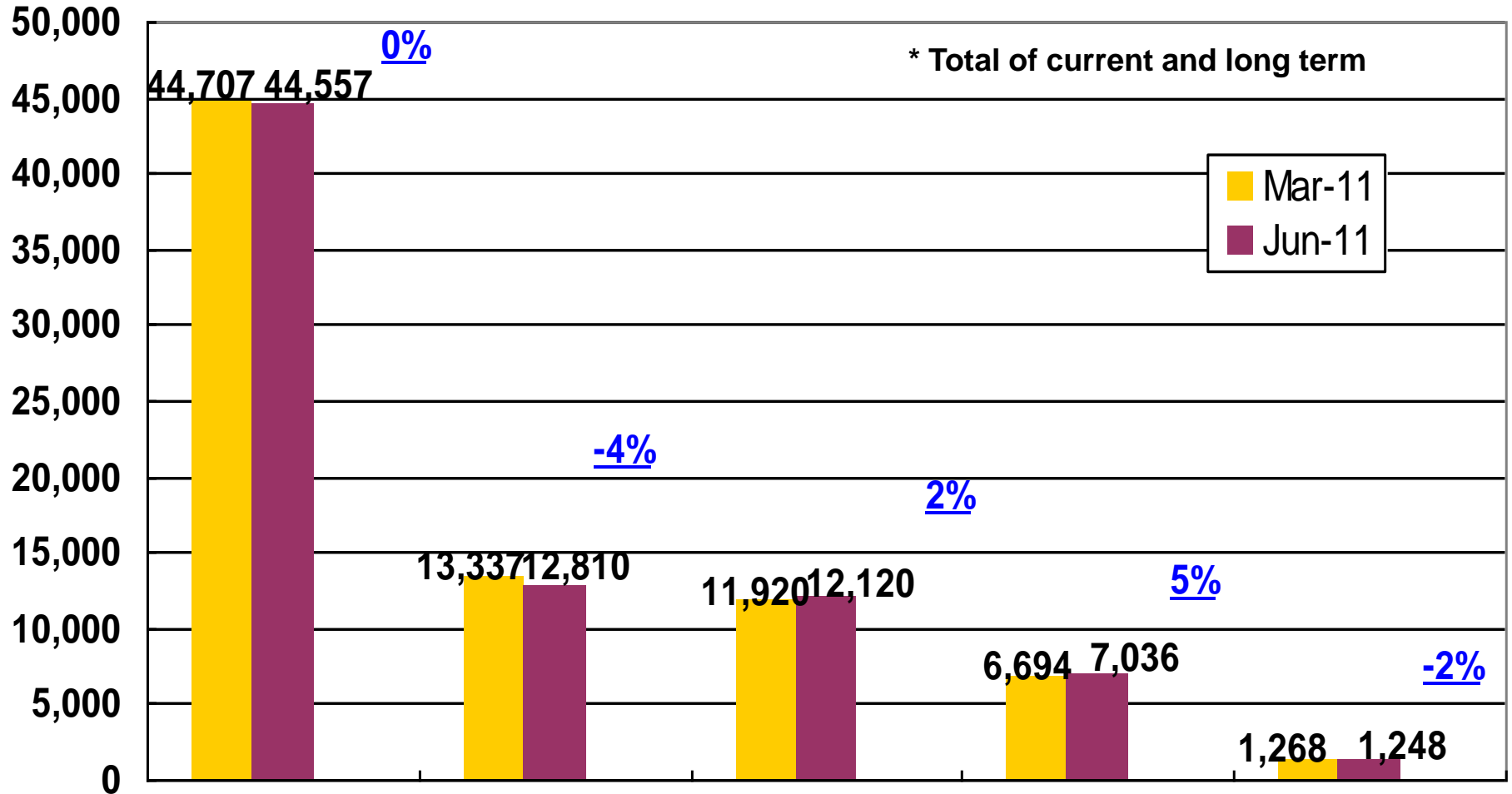


(In accordance with Japan GAAP)

Deferred Revenue by Region

(in million Yen)

(unaudited)



Japan

North America

Europe

Asia Pacific

Latin America

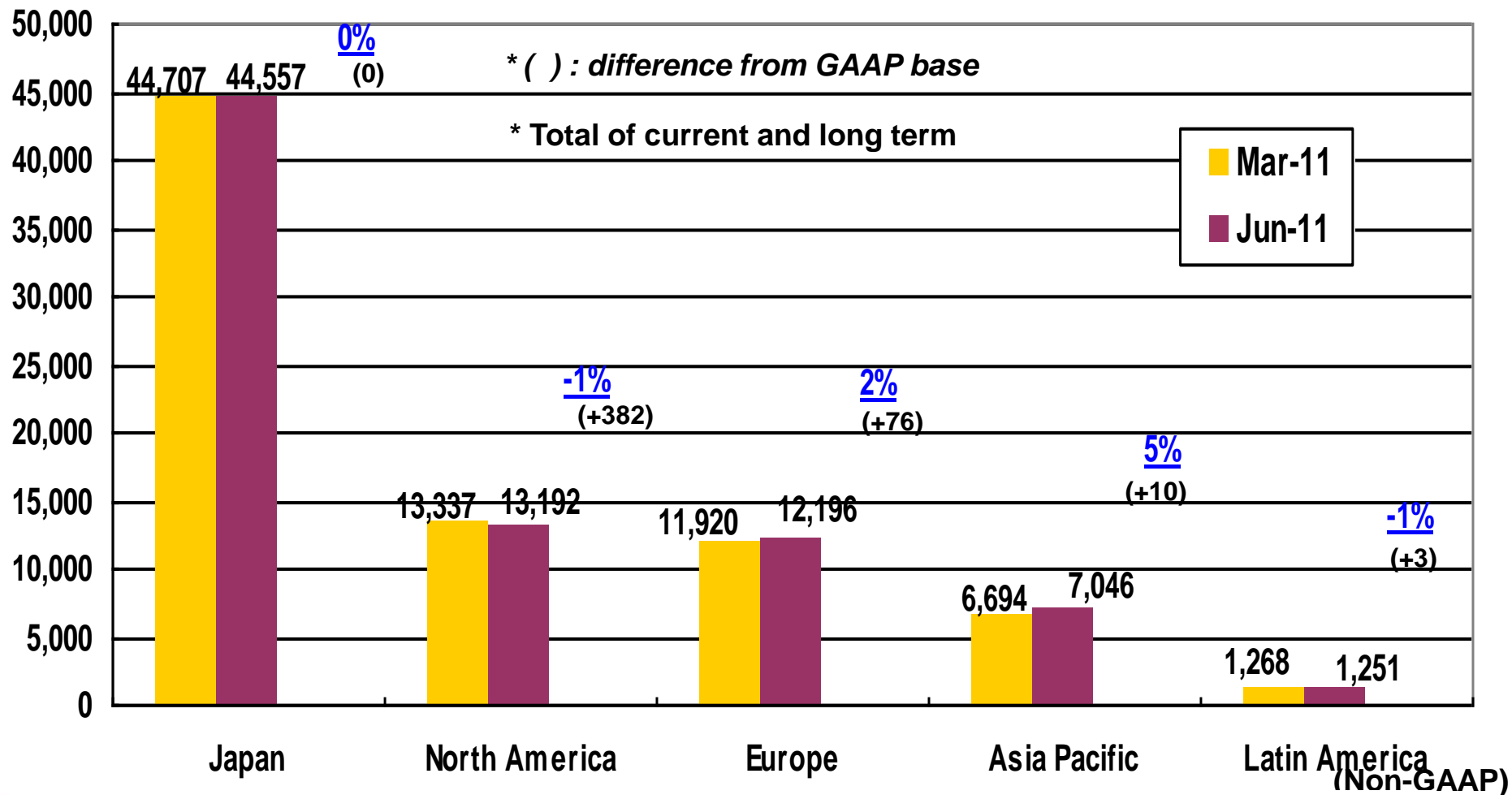
(In accordance with Japan GAAP)

Deferred Revenue by Region

If currency exchange rates used as of the end of 1Q2011 were used as of the end of 2Q2011:

(in million Yen)

(unaudited)



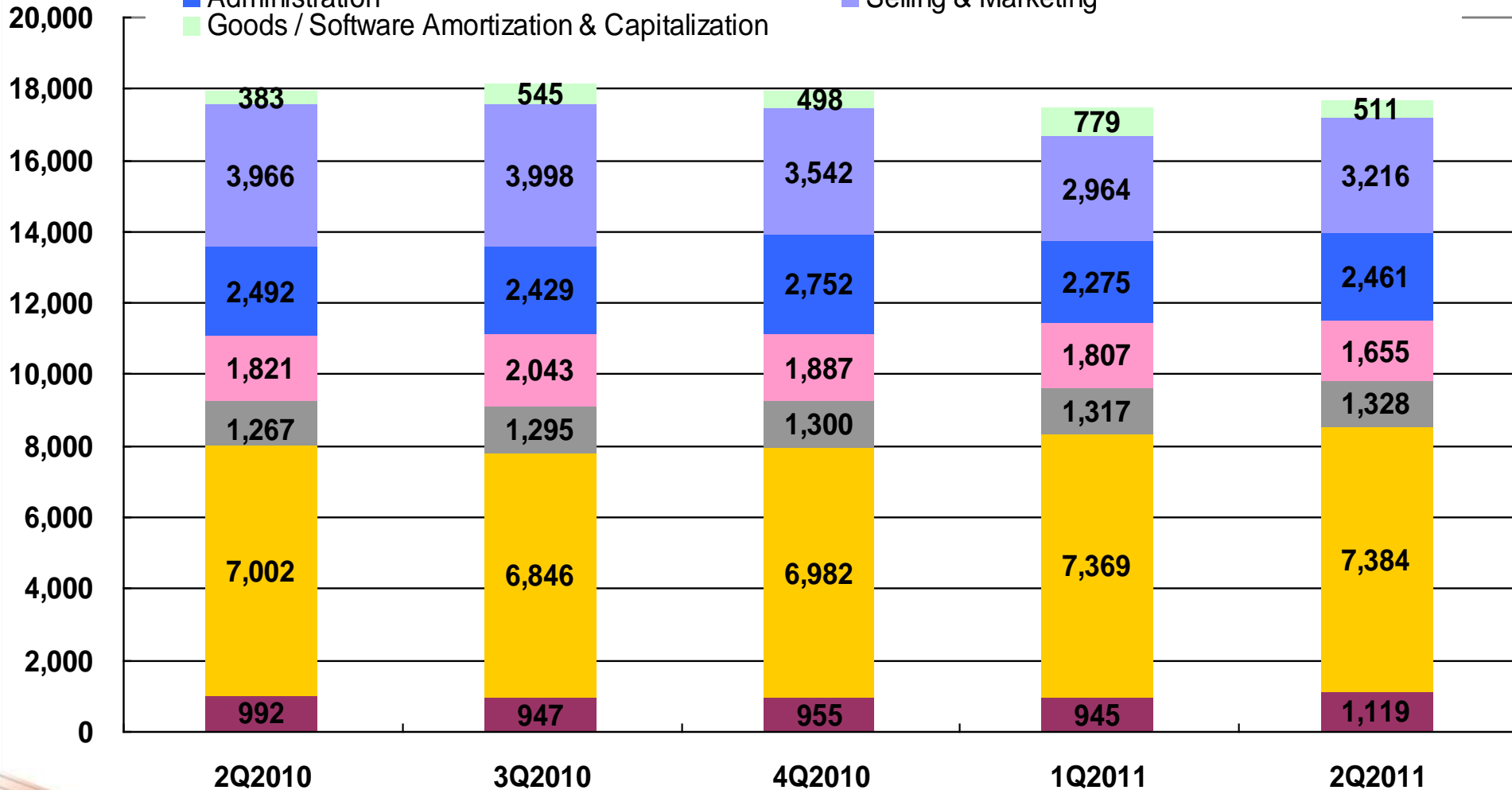
** Each JPY amount as of the end of 2Q2011 shown above has been calculated by applying to the relevant foreign currency deferred revenue amount as of the end of 2Q2011 the exchange rate between such foreign currency and JPY that was used to convert the deferred revenue amount denominated in such foreign currency as of the end of 1Q2011 into a JPY deferred revenue amount for Japan GAAP reporting purposes. Deferred revenue of Europe were all reported in Euro. Deferred revenues of Asia Pacific and Latin America were reported in more than one foreign currency.*

Cost

(unaudited)

(in million Yen)

- Stock options / Acquisition related costs
- Office overhead
- Administration
- Goods / Software Amortization & Capitalization
- Salary & Benefit
- Outside service
- Selling & Marketing

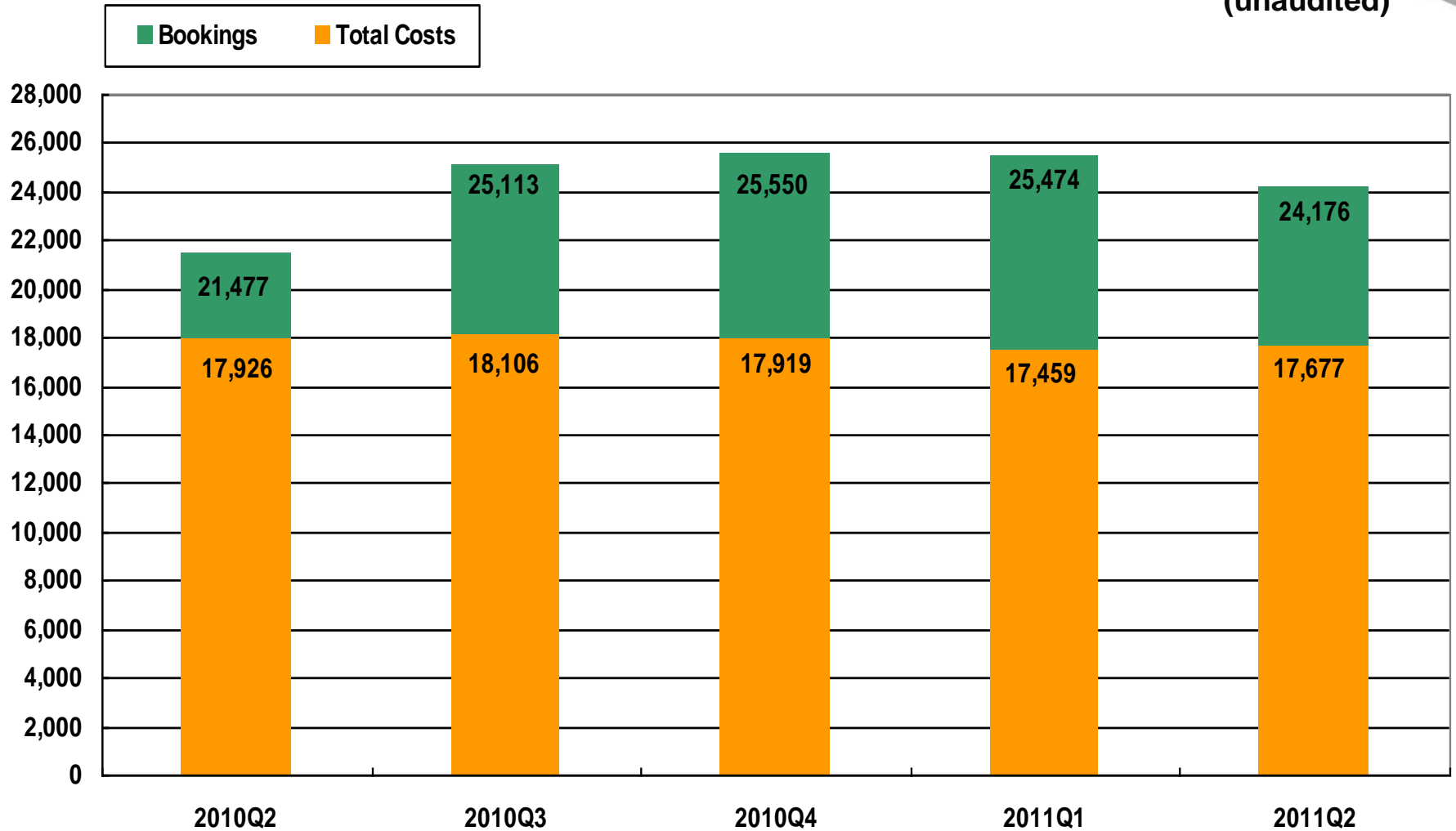


(Non-GAAP)

Bookings vs Total costs

(in million Yen)

(unaudited)



(Non-GAAP)

* "Total costs" means COGS + SGA.

Cash flows

(unaudited)
(in million Yen)

項目	2Q2010	2Q2011	YoY growth
Cash flows from operating activities	10,413	8,841	- 15%
Cash flows from investing activities	- 4,793	- 379	—
Cash flows from financing activities	- 227	- 1,551	—
Effect of exchange rate changes on cash and cash equivalents	- 2,512	- 384	—
Net increase (decrease) in cash and cash equivalents	2,879	6,526	+ 127%
Cash and cash equivalents at beginning of this quarter period	57,082	56,473	- 1%
Cash and cash equivalents at end of this quarter period	59,962	62,999	+ 5%

Q2 Highlights

- *Continued strong growth of strategic products*
- *Recovery in operating margins*

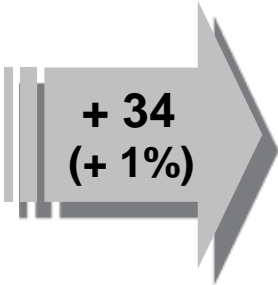
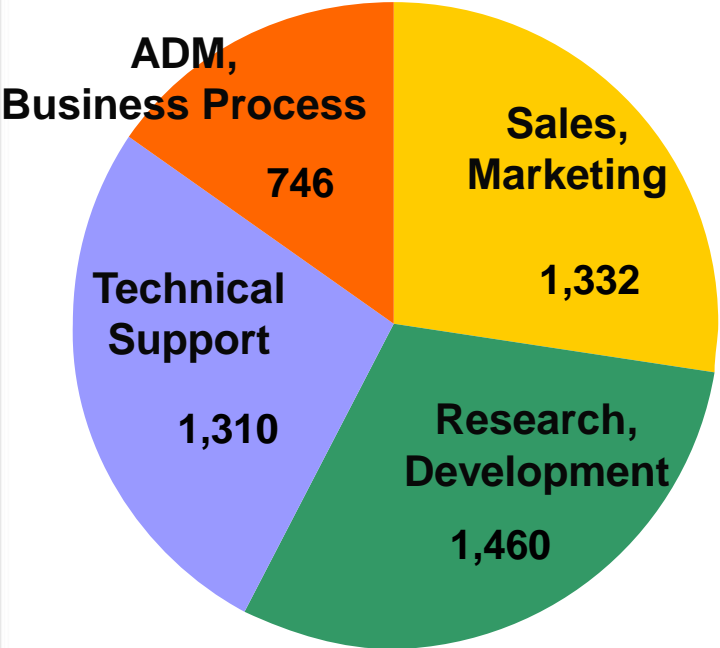
Q2 Lowlights

- *Enterprise growth slows down*
- ***Weakness in small company business***
- ***Overall macro Economic situation is worsening***

Headcount

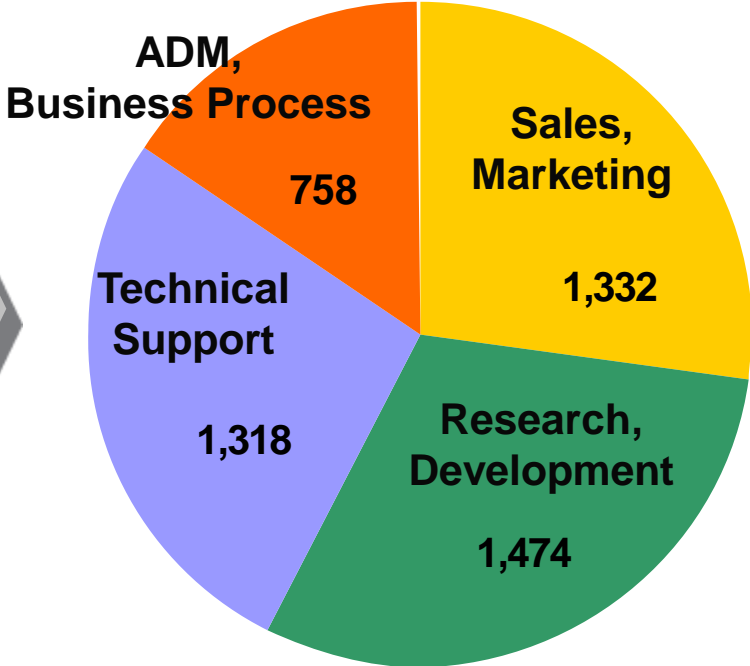
Mar - 2011

4,848



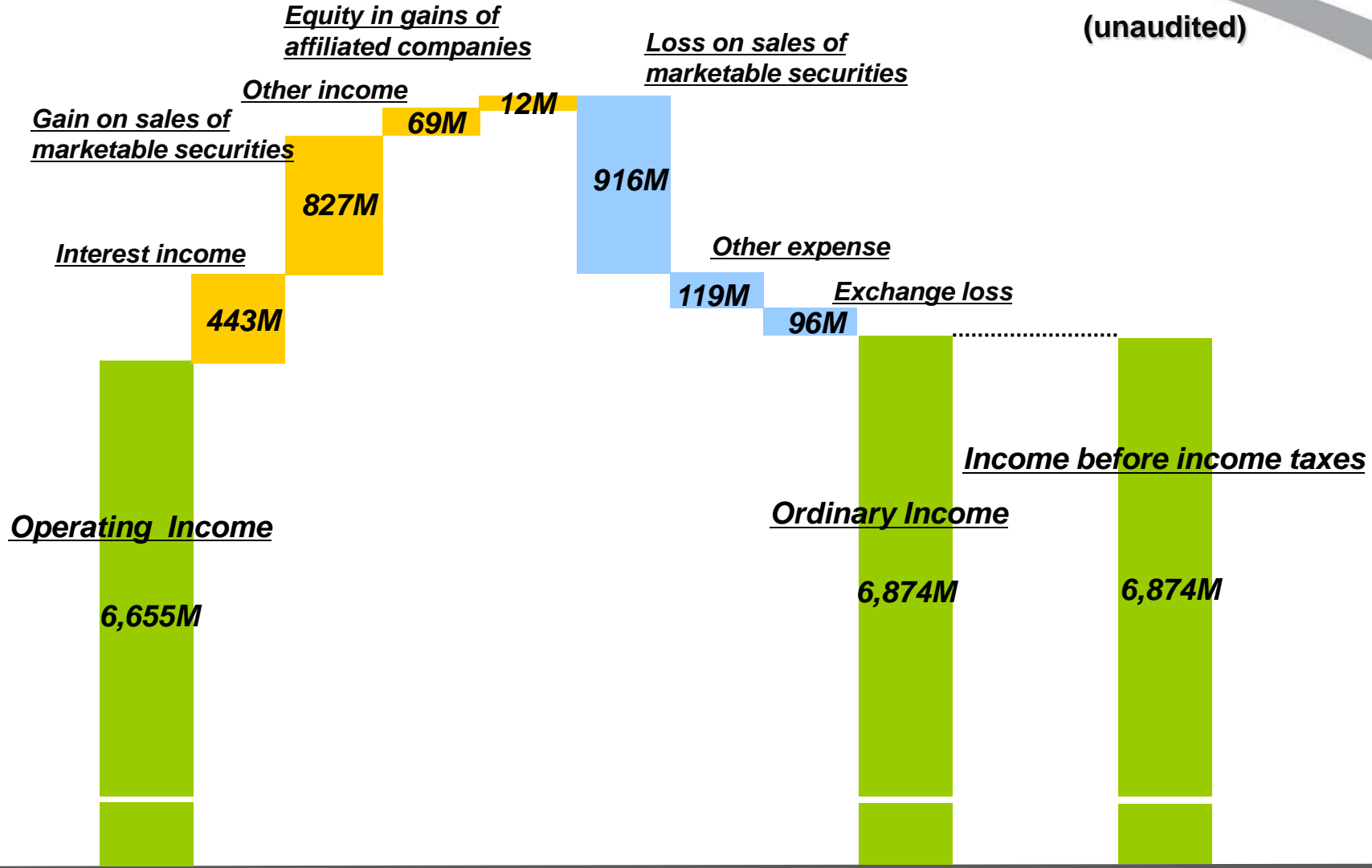
Jun - 2011

4,882



Non-operating & Extra-ordinary Items

(unaudited)



(In accordance with Japan GAAP)

Balance Sheet

(unaudited)
(in million Yen)

	<i>Mar-2011</i>	<i>change</i>	<i>Jun-2011</i>
<u>Assets</u>			
<i>Cash & cash equivalents</i>	67,660	+ 6,112	73,772
<i>Account receivable (less allowance for doubtful accounts)</i>	21,007	- 1,131	19,876
<i>Marketable securities & Securities investments</i>	56,480	- 600	55,880
<u>Liabilities</u>			
<i>Deferred revenue (total of current and long-term)</i>	77,928	- 157	77,771
<u>Shareholders' Equity</u>			
<i>Common Stock & Additional paid in capital</i>	39,497	0	39,497
<i>Treasury Stock</i>	- 25,147	- 1,342	- 26,489

(In accordance with Japan GAAP)

Q3 forecast assumptions

- ***Japan increases by single digit, Europe flat and US decreases by single digit respectively***
- ***Stock option expenses will be 0.7 Bn yen***
- ***Estimated exchange rate:***
 - 1USD = 78 yen (last year: 86 yen)***
 - 1EUR = 110 yen (last year: 111 yen)***

Q3 Non-operating & Extraordinary forecast assumptions

(Non operating)

Interest income	+ 300 million Yen
Reclassification of loss on sales of Euro MMF in Q1-Q2 (to Extraordinary)	+ 1,451 million
Non operating income	+ 1,751 million

(Extraordinary)

Reversal of Stock option (due to expiration)	+ 3,600 million Yen
Reclassification of loss on sales of Euro MMF in Q1-Q2 (to Extraordinary)	- 1,451 million
Prospect of loss on sales of Euro MMF in Q3	- 3,600 million
Extraordinary income	- 1,451 million

(The impact for Income before taxes) + 300 million Yen

* Because reversal of stock option costs is excluded from gross taxable income

(The impact for Net income) Approximately +1,500 million Yen

Projection for 3Q2011

(unaudited)

	<u>For 3Q2011</u> <u>Jul - Sep, 2011</u>	<u>Expected</u> <u>YoY growth</u>	(in million Yen)
Net Sales	24,600	<u>+ 3%</u>	
Operating Income	6,800	<u>+ 16%</u>	
Ordinary Income	8,500	<u>+ 45%</u>	
Net Income	5,400	<u>+ 94%</u>	

(In accordance with Japan GAAP)

• Including both stock option expenses and amortization of goodwill (about 0.9 Bn Yen)

In case of excluding a foreign exchange impact

Net Sales

+ 9%

(Non-GAAP)

THANK YOU!

Appendix

(unaudited)

Quarterly Chart (1)

(in million Yen)

	FY2010				FY2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	23,728	23,493	23,950	24,218	23,980	24,333		
Cost of sales	4,032	4,025	4,446	4,222	4,412	4,343		
Operating expenses	13,653	13,900	13,660	13,697	13,046	13,334		
Operating income	6,042	5,567	5,843	6,298	6,520	6,655		
Ordinary income	6,207	5,744	5,859	6,023	6,260	6,874		
Net income	3,529	3,237	2,781	3,172	3,995	3,934		
(Costs)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Goods / Software Amortization & Capitalization	611	383	545	498	779	511		
Selling & Marketing	3,973	3,966	3,998	3,542	2,964	3,216		
Administration	2,494	2,492	2,429	2,752	2,275	2,461		
Outside service	1,797	1,821	2,043	1,887	1,807	1,655		
Office overhead	1,179	1,267	1,295	1,300	1,317	1,328		
Salary & Benefit	6,784	7,002	6,846	6,982	7,369	7,384		
Stock option cost	667	673	662	676	664	696		
Acquisition related costs	177	318	284	279	280	423		
Total	17,685	17,926	18,106	17,919	17,459	17,677		
The number of employees	4,575	4,727	4,831	4,846	4,848	4,882		
Applied rate to yen (US\$)	90.73	91.94	85.78	82.68	82.31	81.72		
Applied rate to yen (Euro)	125.66	116.78	110.67	112.09	112.51	117.36		

Appendix

Quarterly Chart (2)

(unaudited)

(in million Yen)

	FY2010				FY2010			
(Sales by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	9,782	9,990	11,451	11,100	11,023	11,296		
US	5,999	6,118	5,485	5,124	5,315	5,365		
Europe	5,005	4,408	4,173	4,671	4,435	4,354		
Asia Pacific	2,254	2,314	2,202	2,684	2,570	2,691		
Latin America	685	662	637	637	635	624		
Total	23,728	23,493	23,950	24,218	23,980	24,333		
(Sales by segment)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
All Enterprise	15,680	15,168	15,055	15,569	15,251	14,938		
Consumer	8,047	8,325	8,895	8,649	8,728	9,394		
Total	23,728	23,493	23,950	24,218	23,980	24,333		
(Bookings by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	13,078	11,175	12,564	11,334	11,204	11,145		
US	5,850	4,916	4,735	5,162	5,877	4,838		
Europe	3,787	2,817	4,549	5,422	5,040	4,554		
Asia Pacific	2,520	2,106	2,679	2,994	2,683	3,033		
Latin America	886	461	584	637	668	604		
Total	26,122	21,477	25,113	25,550	25,474	24,176		

* "Bookings" means amount of contracts concluded.