

May 11, 2011

Report of Earning Results (Consolidated)
for the First Quarter of the Fiscal Year
Ending December 31, 2011

Company : Trend Micro Incorporated Tokyo Stock Exchange 1st Section
Code : 4704 Location : Tokyo
URL <http://www.trendmicro.co.jp/>
Representative: Title Representative Director and Chief Executive Officer
Name Eva Chen
Contact: Title Representative Director
(Chief Operating Officer and Chief Financial Officer)
Name Mahendra Negi
TEL +81-3-5334-4899

Expected date of the submission of quarterly security reports ("Shihanki Hokokusho")
: May 12, 2011

1. Financial Highlights for Three Months Ended March 31, 2011

(1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended March 31, 2011	23,980	1.1	6,520	7.9	6,260	0.9	3,995	13.2
Three Months Ended March 31, 2010	23,728	3.5	6,042	(14.0)	6,207	(21.8)	3,529	(26.8)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three Months Ended March 31, 2011	29.93	29.90
Three Months Ended March 31, 2010	26.44	26.29

(2) Consolidated Financial Position

	Total assets	Net Assets	Net Assets ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	198,499	100,517	45.9	682.09
December 31, 2010	206,099	106,569	47.4	732.26

(Note) Net Assets after deduction of Share acquisition rights and Minority interest
: 91,071 million yen as of March 31, 2011 (97,788 million yen as of December 31, 2010)

2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total
	Yen	Yen	Yen	Yen	Yen
December 31, 2010	-	0.00	-	70.00	70.00
December 31, 2011	-	-	-	-	-
Projection for FY 2011	-	0.00	-	-	-

(Note) Revision of the projection of dividend for the first quarter of FY 2011 : No

(Note) The dividend projection for the coming quarter ends is not yet determined.

3. Forecasts of Consolidated Financial Results for FY 2011

(January 1, 2011 through December 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2011 (January 1, through June 30)	47,780	1.2	12,520	7.8	12,260	2.6	7,395	9.3	55.98
FY 2011 (January 1, through December 31)	-	-	-	-	-	-	-	-	-

(Note) Revision of the forecast of results for the first quarter of FY2011 : Yes

(Note) For the forecast of the 2nd quarter end and FY 2011, please refer to next page.

4. Others

- (1) Change in the basis of Consolidation and Application of equity method : No
 (2) Application of simplified or specified accounting procedures : Yes
 (3) Changes in accounting principles, procedures and the way of disclosure

- ① Change under the revision of Accounting Standards : Yes
 ② Others : No

(4) Number of shares issued (common shares)

- ① Number of shares issued (including treasury stocks):
 140,293,004 shares as of March 31, 2011
 140,293,004 shares as of December 31, 2010
 ② Number of treasury stocks :
 8,188,135 shares as of March 31, 2011
 6,750,535 shares as of December 31, 2010
 ③ Average number of shares outstanding :
 133,519,302 shares three months ended March 31, 2011
 133,476,470 shares three months ended March 31, 2010

* Statement relating to the status of the quarterly review procedures

This quarterly report is not subject to the quarterly review procedures, which are based on the Financial Instruments and Exchange Law. However, the review procedures for quarterly consolidated accounts finish at the point of the announcement of the quarterly financial results.

* Explanation for the proper use of projection and other notes

Any forward-looking statement in this report including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to (3) Qualitative Information concerning Projected Consolidated Results on page 3 of the Attachment for conditions serving as assumptions for results forecasts.

Forecasts of consolidated financial results for 2nd quarter FY 2011

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2nd quarter (April 1, 2011 through June 30, 2011)	23,800	1.3	6,000	7.8	6,000	4.5	3,400	5.0	25.74

※ Notice on forward-looking statements and other specific items

1. Since the business environment surrounding Trend Micro Group tends to fluctuate in the short run, it is difficult to make a highly reliable projection figures on a yearly basis. We, therefore, have decided to announce the earnings on a quarterly basis in the fiscal year ending in December 2011 as well as earnings projection of the succeeding quarter.

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

Appendix contents:

1. Qualitative Information -----	2
(1) Qualitative Information on the Consolidated Business Results -----	2
(2) Qualitative Information on the Consolidated Financial Positions -----	3
(3) Qualitative Information on the Consolidated Results Forecast -----	3
2. Others -----	4
(1) Movement of significant subsidiaries -----	4
(2) Application of simplified or special accounting procedures -----	4
(3) Changes in accounting principles, procedures and the way of disclosure-----	4
3. Consolidated Financial Statements -----	5
(1) Consolidated Balance Sheets -----	5
(2) Consolidated Statements of Income -----	7
Number of accumulated -----	7
(3) Consolidated Statements of Cash Flows -----	8
(4) Footnote on going concern -----	10
(5) Segment Information -----	10
(6) Footnote to significant fluctuation of shareholders' equity -----	12

1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	1Q FY Dec. 2011	1Q FY Dec. 2010	Rate of Change
Japan	11,023	9,782	12.7%
North America Reg.	5,315	5,999	(11.4%)
Europe Reg.	4,435	5,005	(11.4%)
Asia and Pacific Reg.	2,570	2,254	14.0%
Latin America Reg.	635	685	(7.2%)

During the First Quarter fiscal year 2011, from January 1 to March 31, though the Japan economy seemed to break down the temporary lull of the economy in the beginning of the year, it continued to be reflected in a string of downward revisions of the various economic indexes and real economy; the consumer price index of February fell for the 24th consecutive month, Standard & Poor's had downward Japan's long-term sovereign debt rating, and Japan GDP which had been the world's second-largest economy during 42 years was superseded by China. Due to the Great East Japan Earthquake on March 11, 2011, there is now greater uncertainty about Japan's economy. In the future, the earthquake's impact on key industries in Japan could cause more negative influences on the recovery of not only Japan but also the world economy.

In the world economy, despite fluctuations in consumer spending, the US economy has been on a road to recovery with improvements in corporate earnings for publically traded companies, the unemployment rate, and GDP. However, the overall state of the world economy is still uncertain and in flux with concerns over the increasing price of resources, Europe's sovereign debt, instability within the Middle East, in addition the effects of the earthquake disaster and nuke crisis in Japan.

In the worldwide Information Technology Industry, worldwide PC shipments from January to March 2011 declined from the same period last year. On the other hand, Worldwide IT spending in 2011 (forecasted by Gartner, Inc.), it has upwards to 5.6% due to the sales growth of media tablets. In the future, priority issues for worldwide IT investments will increase the demand for the improvement of the cloud computing environment including server virtualization and mobile computing.

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

For the Japan region, consumer sales had substantial growth and the enterprise business sales kept its surplus compared to the same period last year. As the result, sales in Japan for Q1 2011 experienced double digit growth at 11,023 million yen (12.7% increase from the same period in the previous year).

In North America, sales revenues declined slightly along with the local currency. In addition, weaker US dollar against the yen severely affected this region. As the result, US generated 5,315 million yen (11.4% decrease from the same period in the previous year).

For the EMEA region, sales revenues declined slightly along with local currency compared to the same period last year. In addition, weaker Euro against the yen severely affected this region. As the result, EMEA generated 4,435 million yen (11.4 % decrease from the same period in previous year).

In the Asia and Pacific region, Australia and Taiwan made a strong contribution to APAC sales. The net sales for this period in APAC demonstrated the largest growth among the 5 sales regions. APAC sales came to 2,570 million yen (14.0% increase from the same period in the previous year).

The Latin America region, especially Mexico did not performed well. In this region, net sales were 635 million yen (7.2% decrease from the same period in the previous year).

As a result, the consolidated net sales for the First Quarter fiscal year 2011 came to 23,980 million yen (1.1% increase from the same period in the previous year).

Cost of sales and operating expenses totaled 17,459 million yen (1.3% decrease from the same period in the previous year) due to an increase in salaries and a decrease in marketing costs. As a result, consolidated operating income for this period was 6,520 million yen (7.9% increase from the same period in the previous year). The consolidated ordinary income for this period was 6,260 million yen (0.9% increase from the same period in the previous year) and the consolidated net income for this period was 3,995 million yen (13.2% increase from the same period in the previous year) due to Gain from redemption of marketable securities as Extraordinary gain.

(2) Qualitative Information on the Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 67,660 million yen, a decrease of 6,299 million yen from FY 2010 annual closing.

In addition to it, also Investment securities etc. decreased significantly. As the result, total assets at the end of this period were 198,499 million yen, 7,600 million yen decrease from FY 2010 annual closing.

Total liabilities at the end of this period were 97,982 million yen, 1,547 million yen decrease from FY 2010 annual closing. This decrease in total liabilities is mainly due to substantially decrease Accrued income taxes etc.

As a result, total net assets at the end of this period were 100,517 million yen, a decrease of 6,052 million yen with payment of dividends from the previous period and share buyback.

(3) Qualitative Information on the Consolidated Results Forecast

Since the business environment surrounding Trend Micro Group tends to fluctuate in the short run, it is difficult to make a highly reliable projection figures on a yearly basis. We, therefore, have decided to announce the earnings on a quarterly basis in the fiscal year ending in December 2011 as well as earnings projection of the succeeding quarter.

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

Business forecast for the Second Quarter of FY2011 (April 1, 2011 – June 30, 2011)

Consolidated net sales	23,800 million yen
Consolidated operating income	6,000 million yen
Consolidated ordinary income	6,000 million yen
Consolidated net income	3,400 million yen

In development of the business forecasts the main assumed exchange rates are as follows.

1 US \$	81 yen
1 Euro	115 yen

2. Others

(1) Movement of significant subsidiaries

N/A

(2) Application of simplified or special accounting procedures

(a) Simplified accounting procedures

1. Calculation of estimated allowance for doubtful accounts

Due to no significant change in the percentage based on actual bad debt loss against total monetary asset since December 31, 2010, we estimated the allowance for bad debt for 1st quarter end on the same basis with FY 2010 closing.

2. Judgment of realizability of deferred tax assets

Due to no significant change in business environment or status of recognized temporary differences during this 1st quarter, we judged it based on the forecast of financial result and tax planning for FY 2010.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements

Calculation of income tax expenses

We multiply net income before tax for this quarter (3 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes with considering deferred tax accounting. In addition, deferred tax expense is included in income taxes.

(3) Changes in accounting principles, procedures, the way of disclosure

Adoption of "Accounting Standard for Asset Retirement Obligations"

From the first quarter of fiscal year 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008) were adopted. The effect of this adoption was not material.

3. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Millions of yen)

Account	December 31, 2010	March 31, 2011
(Assets)		
Current assets		
Cash and bank deposits	73,960	67,660
Notes and Accounts receivable, trade	22,306	21,248
Marketable securities	42,795	43,789
Inventories	550	502
Deferred tax assets	18,831	18,482
Others	4,077	4,938
Allowance for bad debt	(272)	(240)
Total current assets	162,249	156,381
Non-current assets		
Property and equipment		
(1) Office furniture & equipment	4,551	4,636
(2) Others	1,296	1,482
Total Property and equipment	5,848	6,118
Intangibles		
(1) Software	5,926	5,905
(2) Goodwill	1,520	2,821
(3) Others	665	2,137
Total intangibles	8,113	10,863
Investments and other non-current assets		
(1) Investment Securities	17,287	12,691
(2) Investments in subsidiaries and affiliates	348	200
(3) Deferred tax assets	10,539	10,878
(4) Others	1,711	1,365
Total investments and other non-current assets	29,888	25,135
Total non-current assets	43,850	42,118
Total assets	206,099	198,499

(Millions of yen)

Account	December 31, 2010	March 31, 2011
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	724	1,106
Accounts payable, other	4,939	3,733
Accrued expenses	5,810	5,075
Accrued income and other taxes	6,124	2,872
Allowance for bonuses	638	1,068
Allowance for sales returns	621	902
Deferred revenue	55,328	57,145
Others	2,189	3,142
Total current liabilities	76,376	75,047
Long-term liabilities		
Deferred revenue	21,106	20,783
Allowance for retirement benefits	1,717	1,789
Others	328	362
Total long-term liabilities	23,153	22,935
Total liabilities	99,530	97,982
(Net assets)		
Shareholders' equity		
Common stock	18,386	18,386
Additional paid-in capital	21,111	21,111
Retained earnings	92,324	86,971
Treasury stock, at cost	(21,834)	(25,147)
	109,988	101,323
Valuation and translation adjustments		
Net unrealized gain (loss) on debt and equity securities	(3,814)	(2,860)
Foreign currency translation adjustments	(8,385)	(7,390)
	(12,200)	(10,251)
Share acquisition rights	8,734	9,394
Minority interest	46	50
Total net assets	106,569	100,517
Total liabilities and net assets	206,099	198,499

(2) 【Consolidated Statements of Income】
【Three months ended March 31, 2011】

(Millions of yen)

	Three months ended March 31, 2010	Three months ended March 31, 2011
Net Sales	23,728	23,980
Cost of sales	4,032	4,412
Gross profit	19,695	19,567
Operating expenses	13,653	13,046
Operating income	6,042	6,520
Non-operating incomes		
Interest income and dividend received	260	321
Foreign exchange income	-	16
Other income	29	16
Total non-operating income	290	354
Non-operating expenses		
Interest expenses	0	0
Loss on sales of marketable securities	-	535
Foreign exchange loss	109	-
Equity in loss of affiliated companies	2	22
Other expenses	11	56
Total non-operating expenses	124	615
Ordinary income	6,207	6,260
Extraordinary income		
Gain from redemption of marketable securities	-	610
Refundment of placement fee	226	-
Total extraordinary income	226	610
Extraordinary loss		
Impairment Loss on Marketable Securities	202	-
Total extraordinary loss	202	-
Net income before taxes	6,231	6,871
Income taxes	2,702	2,874
Net Income before minority interest	-	3,996
Minority interest in income of consolidated subsidiaries	0	0
Net income	3,529	3,995

(3) 【Consolidated Statements of Cash Flows】

(Millions of
yen)

Account	Three months ended March 31, 2010	Three months ended March 31, 2011
Cash flows from operating activities:		
Net income before taxes	6,231	6,871
Depreciation and amortization	1,343	1,568
Stock compensations	667	664
Amortization of Goodwill	115	158
Increase (decrease) in Allowance for bad debts	20	(38)
Increase (decrease) in Allowance for sales returns	284	277
Increase in Allowance for retirement benefits	58	68
Interest income	(260)	(321)
Interest expenses	0	0
Equity in earnings of affiliated companies	2	22
(Gain) loss on redemption of marketable securities	-	(610)
Refundment of placement fee	(226)	-
(Gain) loss on valuations of marketable securities	202	-
(Gain) loss on sales of marketable securities	-	535
(Increase) decrease in notes and accounts receivable	411	1,630
(Increase) decrease in inventories	58	58
Increase (decrease) in notes and accounts payable	255	346
Increase (decrease) in deferred revenue	2,568	93
Others	821	(1,121)
Subtotal	12,557	10,204
Receipt of refundment of placement fee	226	-
Proceeds from interest and dividend received	256	430
Payment for interest expenses	(0)	(0)
Payment for income tax	(6,822)	(6,119)
Net cash provided by operating activities	6,217	4,514
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	(964)	(1)
Payments for purchases of marketable securities and security investments	(9,092)	(7,952)
Proceeds from sales or redemptions of marketable securities and security investments	15,682	11,656
Payments for purchases of property and equipment	(917)	(804)
Payments for purchases of other intangibles	(1,233)	(1,508)
Acquisition cost for new consolidated subsidiary	-	(2,411)
Net cash used in investing activities	3,473	(1,021)
Cash flows from financing activities:		
Payment for purchase of treasury stock	-	(3,340)
Receipt from disposal of treasury stock	190	21
Dividends paid	(11,382)	(8,714)
Net cash used in financing activities	(11,192)	(12,033)
Effect of exchange rate changes on cash and cash equivalents	560	877

Net increase (decrease) in cash and cash equivalents	(940)	(7,662)
Cash and cash equivalents at beginning of period	58,023	64,136
Cash and cash equivalents at end of period	57,082	56,473

(4) Footnote on going concern

N/A

(5) Segment Information

1. Business category segment information

The main businesses of the Company are to develop and sell anti-virus products and offer other related services. For three months ended March 31, 2010, the ratio of sales and operating income for the main businesses above is more than 90% of total amounts of them. Then, the Company omits "Business category segment information".

2. Geographical segment information

Three months ended March 31, 2010

(Millions of Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Corporate or Elimination	Consolidation
Sales								
(1) Net sales to external customers	9,782	5,999	5,005	2,254	685	23,728	-	23,728
(2) Intercompany sales	3,836	330	62	2,284	-	6,514	(6,514)	-
Total sales	13,619	6,329	5,067	4,539	685	30,242	(6,514)	23,728
Operating income (loss)	6,631	(863)	69	(89)	217	5,965	76	6,042

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

North America U.S.A., Canada
Europe Ireland, Germany, Italy, France, UK
Asia pacific Taiwan, Korea, Australia, China, Philippine, Singapore, Malaysia, Thailand, India
Latin America Brazil, Mexico

3 Changes in allocation of Cost of Sales and Selling, General & Administrative expenses

Due to the commencement of COST SHARING AGREEMENT among group companies starting from January 2010, the representative companies in four regions (participants) share the parent company's intangible creating and related costs. Then the Cost of Sales and Selling, General & Administrative expenses sitting in Corporate or Elimination has been allocated among the 5 regions. Due to the difficulties of computation for the current period's Corporate or Elimination based on previous years, the impact about this change was omitted.

3 Sales to overseas

Three months ended March 31, 2010

(Millions of Yen)

	North America	Europe	Asia Pacific	Latin America	Total
1 Sales to overseas	6,013	5,081	2,195	688	13,979
2 Consolidated total sales	-	-	-	-	23,728
3 Sales % to Overseas to Consolidated total sales	25.3	21.4	9.3	2.9	58.9

(Note)

- 1 The classification of the geographical segment is based on geographic proximity.
- 2 Sales to overseas are sales amount to foreign countries or areas other than Japan.
- 3 Major countries other than Japan:

North America	U.S.A., Canada
Europe	Ireland, Germany, Italy, France, UK
Asia Pacific	Taiwan, Korea, Australia, China, Philippine, Singapore, Malaysia, Thailand, India
Latin America	Brazil, Mexico

(6) Newly applied Segment Information, ASBJ Statement No.17, ASBJ Guidance No.20.

Starting from January 2011, the Company discloses segment information that is utilized by management. The group consists of geographical business segment for conducting anti-virus products development, sales, and related services. These are Japan, North America, Europe, Asia Pacific, and Latin America.

Three months ended March 31, 2011

(Millions of Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total
Sales						
(1) Net sales to external customers	11,023	5,315	4,435	2,570	635	23,980
(2) Intercompany sales	2,149	354	325	2,641	2	5,474
Total sales	13,173	5,669	4,761	5,211	638	29,454
Segment income (loss)	5,794	257	34	294	240	6,621

(Note)

- 1 The classification of the geographical segment is based on geographic proximity.
- 2 Major countries other than Japan:

North America	U.S.A., Canada
---------------	----------------

Europe	Ireland, Germany, Italy, France, UK
Asia pacific	Taiwan, Korea, Australia, China, Philippine, Singapore, Malaysia, Thailand, India
Latin America	Brazil, Mexico

3 The difference between segment income (loss) and operating income (loss)
in consolidated statement of income

(Millions of yen)

Profit	Amount
Segment total of operating profit (loss)	6,621
Inter-segment elimination	(100)
Operating profit (loss) in consolidated statement of income	6,520

4 Impairment loss on fixed asset and goodwill by each segment

N/A

(7) Footnote to significant fluctuation of shareholder' s equity

N/A