

November 12, 2013

Report of Earning Results (Consolidated)
for the Third Quarter of the Fiscal Year
Ending December 31, 2013

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Code : 4704 Location : Tokyo
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Expected date of the submission of quarterly security reports ("Shihanki Hokokusho")
: November 13, 2013

1. Financial Highlights for Nine Months Ended September 30, 2013

(1) Consolidated Results of Operations

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|---|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine Months Ended September 30, 2013 | 79,885 | 14.9 | 21,786 | 31.2 | 23,742 | 39.0 | 14,938 | 38.8 |
| Nine Months Ended September 30, 2012 | 69,526 | (3.9) | 16,611 | (17.2) | 17,081 | (21.8) | 10,766 | (20.1) |

(Note) Comprehensive Income: 19,758 million yen (69.2%) as of September 30, 2013
(11,678 million yen (-5.6%) as of September 30, 2012)

| | Net income per share (basic) | Net income per share (diluted) |
|---|---------------------------------|-----------------------------------|
| | Yen | Yen |
| Nine Months Ended September 30, 2013 | 112.94 | 112.10 |
| Nine Months Ended September 30, 2012 | 81.84 | - |

(2) Consolidated Financial Position

| | Total assets | Net Assets | Equity ratio |
|-----------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of September 30, 2013 | 242,766 | 131,666 | 53.2 |
| December 31, 2012 | 219,007 | 113,492 | 49.9 |

(Note) Net Assets after deduction of Share acquisition rights and Minority interest
: 129,172 million yen as of September 30, 2013 (109,270 million yen as of December 31, 2012)

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, 2012 | - | 0.00 | - | 67.00 | 67.00 |
| December 31, 2013 | - | 0.00 | - | | |
| Projection for FY 2013 | | | - | - | - |

(Note) Revision of the projection of dividend for the Third quarter of FY 2013 : No

(Note) The dividend projection for FY 2013 annual end has not been determined yet.

3. Forecasts of consolidated financial results for FY 2013

(January 1, 2013 through December 31, 2013)

(Note) For the forecast of FY 2013, 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 Changes under the revision of Accounting Standards : Yes
- ② Changes in Accounting principles other than ① : No
- ③ Changes in Accounting Estimates : Yes
- ④ Restatements : No

(Note) Please refer to "Appendix contents 2. Others (3) Changes in accounting principles, procedures and the way of disclosure".

(4) Number of shares issued (common shares)

- ① Number of shares issued (including treasury stocks):
 - 140,293,004 shares as of September 30, 2013
 - 140,293,004 shares as of December 31, 2012
- ② Number of treasury stocks :
 - 6,012,424 shares as of September 30, 2013
 - 8,732,135 shares as of December 31, 2012
- ③ Average number of shares outstanding :
 - 132,273,003 shares nine months ended September 30, 2013
 - 131,557,478 shares nine months ended September 30, 2012

* 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 have not finished 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 on the Consolidated Earnings Forecast on page 3 of the attachment for conditions serving as assumptions for results forecasts.

Forecasts of consolidated financial results for FY 2013

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--|--------------|------|------------------|------|-----------------|------|--------------|------|----------------------|
| | Millions yen | % | Millions yen | % | Millions yen | % | Millions yen | % | Yen |
| FY 2013 (January 1, 2013 through December 31, 2013) | 107,200 | 14.2 | 26,400 | 17.8 | 28,100 | 24.0 | 17,100 | 27.2 | 130.22 |

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1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

| | Net Sales | | |
|--------------------|-----------------|-----------------|----------------|
| | 3Q FY Dec. 2013 | 3Q FY Dec. 2012 | Rate of Change |
| Japan | 35,905 | 34,146 | 5.2% |
| North America Reg. | 17,567 | 13,893 | 26.4% |
| Europe Reg. | 14,940 | 12,114 | 23.3% |
| Asia Pacific Reg. | 9,509 | 7,811 | 21.7% |
| Latin America Reg. | 1,962 | 1,559 | 25.8% |
| Total | 79,885 | 69,526 | 14.9% |

During the current term of fiscal year 2013, from January 1 to September 30, despite concern about the impact of cutting quantitative easing program by FRB, the US economy continues to show modest economic expansion. In spite of the worst level of unemployment rate, European economy shows signs of having bottomed out, and emerging countries' economy continue to be in a decelerating trend. The global economy still has been in unpredictable situation.

Japan's economy has continued to show a gradual recovery due to the government's aggressive economic policies. Besides improvements in corporate profits, especially among large firms, and private consumption shows strong movements. In addition, it has begun to overcome deflation as a matter of concern. Japan's economy has begun to recover.

For the Information Technology Industry, the worldwide demand for the use of cloud computing, including server virtualization, has been still growing. Worldwide PC shipments has been continue to decrease mainly in Europe and emerging countries including China due to tablets demands ascend. On the other hand, domestic IT spending has begun to recover with business sentiments improve.

Under such an environment, our group business performance is as follows:

For Japan, both enterprise and consumer sales have achieved revenue growth. In particular, enterprise business sales have showed steady business increases, and revenue from consumer business has increased due to the introduction of security services for new devices such as smart phones, etc. As the result, sales for the current period in Japan was 35,905 million yen (5.2% increase from the same period in the previous year.)

Similarly, for North America region, both enterprise with the growth of cloud related business and consumer business have achieved sales increase in both local currency and Japanese yen terms. In addition, significantly-affected by weak yen, net sales in this region showed a double digit increase to 17,567 million yen (26.4% increases from the same period in the previous year) which is also the region to have achieved the highest net sales growth among the 5 sales regions.

Sales in Europe region, including both enterprise and consumer, registered double digit growth as a great result of the weakening of the Japanese yen. However, the enterprise business which accounts for the majority of Europe's sales revenue, did not perform well in local currency terms due to weak economic conditions in Europe. The future challenge in this region is to expand the consumer business unit, which is still in its early stage of development. As a result, sales for this period in Europe region was 14,940 million yen (23.3% increase from the same period in the previous year).

The Asia Pacific region has also shown double digit growth in both enterprise and consumer sales, which can be primarily attributed to the depreciation of the Japanese yen. Australia and China, which continues to be in good condition, has been leading in this region's sales. As a result, net sales for this period in Asia Pacific region amounted to 9,509 million yen (21.7% increase from the same period in the previous

year).

For Latin America region, Brazil has been strong and Mexico has showed a bit of an upturn. In addition to influence of the weak Japanese yen, net sales in this region were 1,962 million yen (25.8% increase from the same period in the previous year).

As a result, consolidated net sales for this period (this term of fiscal year 2013, from January 1 to September 30,) amounted to 79,885 million yen (14.9% increase from the same period in the previous year).

Cost of sales and operating expenses was largely affected by the weak Japanese yen. Although marketing costs etc. decreased, mainly people cost related expenses have increased, giving rise to cost of sales and operating expenses of 58,098 million yen (9.8% increase from the same period in the previous year) and consolidated operating income for this period was 21,786 million yen (31.2% increase from the same period in the previous year).

Due to an increase in gain on sale of marketable securities, etc. consolidated ordinary income for this period was 23,742 million yen (39.0% increase from the same period in the previous year), in spite of the reduction in gain on reversal of stock options, consolidated net income for this period was 14,938 million yen (38.8% increase from the same period in the previous year.)

(2) Qualitative Information on the Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 70,003 million yen, an increase of 15,271 million yen from FY 2012 annual closing. Total assets at the end of this period were 242,766 million yen, an increase of 23,758 million yen from FY 2012 annual closing due to substantial increase in cash and bank deposits and investment securities, etc.

Total liabilities at the end of this period were 111,099 million yen, an increase of 5,583 million yen from FY 2012 annual closing, mainly due to decrease in accrued income and other taxes but increase in accounts payable, other and deferred revenue, etc.

As a result, total net assets at the end of this period were 131,666 million yen, an increase of 18,174 million yen. This increase is mainly due to an increase in retained earnings, and reduction of debit balances in both treasury stock and foreign currency translation adjustments, etc.

(3) Qualitative Information on the Consolidated Earnings Forecast

Consequently, as of now, we will not revise our consolidated results forecast for the full fiscal year ending December 31, 2013 (released on May 9, 2013).

Since the business environment surrounding Trend Micro Group tends to fluctuate in the short run, it is difficult to make highly reliable projection figures on a yearly basis. However, our forecasts of net sales for FY 2013 assume that Japan increases by around 5%, US and Europe increase by around 20% respectively from the same period in the previous year. Taking into consideration of such a condition, we have decided to announce earnings on an annually basis in the fiscal year ending in December 2013 as followings:

Business forecast for the Annual of FY 2013 (January 1, 2013 - December 31, 2013)

| | |
|-------------------------------|---------------------|
| Consolidated net sales | 107,200 million yen |
| Consolidated operating income | 26,400 million yen |
| Consolidated ordinary income | 28,100 million yen |
| Consolidated net income | 17,100 million yen |

In development of the business forecasts, the main assumed exchange rates for the Annual of FY 2013 (January 1, 2013 - December 31, 2013) are as follows:

| | |
|---------|---------|
| 1 US \$ | 97 yen |
| 1 Euro | 127 yen |

2. Others

(1) Movement of significant subsidiaries

N/A

(2) Application of simplified or special accounting procedures

(Calculation of income tax expenses)

We multiply net income before tax for this period (9 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes taking into consideration deferred tax accounting. In addition, deferred tax expense is included in income taxes.

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

(Changes in depreciation method)

From the first quarter of the current fiscal year, due to the amendment in tax law, the Company has adopted new depreciation method for tangible fixed assets acquired from January 1, 2013 and thereafter.

The effect of this change is immaterial.

3. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

| Account | December 31, 2012 | September 30, 2013 |
|---|-------------------|--------------------|
| (Assets) | | |
| Current assets | | |
| Cash and bank deposits | 54,732 | 70,003 |
| Notes and Accounts receivable, trade | 20,999 | 20,950 |
| Marketable securities | 64,110 | 55,568 |
| Inventories | 370 | 425 |
| Deferred tax assets | 14,775 | 14,633 |
| Others | 4,375 | 5,386 |
| Allowance for bad debt | (104) | (160) |
| Total current assets | 159,259 | 166,807 |
| Non-current assets | | |
| Property and equipment | | |
| (1) Office furniture & equipment | 3,364 | 3,202 |
| (2) Others | 1,073 | 1,180 |
| Total Property and equipment | 4,437 | 4,383 |
| Intangibles | | |
| (1) Software | 5,740 | 6,027 |
| (2) Goodwill | 960 | 816 |
| (3) Others | 1,169 | 1,041 |
| Total intangibles | 7,870 | 7,885 |
| Investments and other non-current assets | | |
| (1) Investment securities | 35,292 | 52,096 |
| (2) Investments in subsidiaries and affiliates | 190 | 38 |
| (3) Deferred tax assets | 10,739 | 10,336 |
| (4) Others | 1,217 | 1,218 |
| Total investments and other non-current assets | 47,440 | 63,690 |
| Total non-current assets | 59,748 | 75,958 |
| Total assets | 219,007 | 242,766 |

(Million yen)

| Account | December 31, 2012 | September 30, 2013 |
|--|-------------------|--------------------|
| (Liabilities) | | |
| Current liabilities | | |
| Accounts payable and Notes payable, trade | 727 | 992 |
| Accounts payable, other | 3,758 | 5,453 |
| Accrued expenses | 4,844 | 4,040 |
| Accrued income and other taxes | 5,678 | 2,070 |
| Allowance for bonuses | 840 | 1,541 |
| Allowance for sales returns | 602 | 1,079 |
| Deferred revenue | 59,286 | 62,356 |
| Others | 2,306 | 3,016 |
| Total current liabilities | 78,044 | 80,551 |
| Non-current liabilities | | |
| Deferred revenue | 24,464 | 26,004 |
| Allowance for retirement benefits | 2,371 | 2,760 |
| Others | 634 | 1,782 |
| Total non-current liabilities | 27,471 | 30,547 |
| Total liabilities | 105,515 | 111,099 |
| (Net assets) | | |
| Shareholders' equity | | |
| Common stock | 18,386 | 18,386 |
| Additional paid-in capital | 21,111 | 21,679 |
| Retained earnings | 102,451 | 108,575 |
| Treasury stock, at cost | (26,440) | (18,049) |
| Total Shareholders' equity | 115,509 | 130,592 |
| Accumulated Other Comprehensive Income | | |
| Net unrealized gain (loss) on debt and equity securities | 572 | 1,315 |
| Foreign currency translation adjustments | (6,810) | (2,735) |
| Total accumulated other comprehensive income | (6,238) | (1,419) |
| Stock acquisition rights | 4,213 | 2,485 |
| Minority interest | 7 | 8 |
| Total net assets | 113,492 | 131,666 |
| Total liabilities and net assets | 219,007 | 242,766 |

(2) 【Consolidated Statements of Income
Consolidated Statements of Comprehensive Income】
Consolidated Statements of Income

(Million yen)

| | Nine months ended September 30, 2012 | Nine months ended September 30, 2013 |
|---|---|---|
| Net Sales | 69,526 | 79,885 |
| Cost of sales | 12,936 | 14,736 |
| Gross profit | <u>56,589</u> | <u>65,149</u> |
| Operating expenses | 39,977 | 43,362 |
| Operating income | <u>16,611</u> | <u>21,786</u> |
| Non-operating income | | |
| Interest income | 958 | 1,063 |
| Gain on sale of marketable securities | 254 | 1,184 |
| Equity in gains of affiliated companies | 5 | - |
| Other income | 101 | 88 |
| Total non-operating income | <u>1,319</u> | <u>2,336</u> |
| Non-operating expenses | | |
| Interest expenses | 4 | 5 |
| Loss on sale of marketable securities | 101 | 0 |
| Impairment loss on marketable securities | 51 | - |
| Foreign exchange loss | 459 | 139 |
| Equity in loss of affiliated companies | - | 1 |
| Other expenses | 233 | 234 |
| Total non-operating expenses | <u>850</u> | <u>380</u> |
| Ordinary income | <u>17,081</u> | <u>23,742</u> |
| Extraordinary gain | | |
| Gain on reversal of stock options | 3,765 | 74 |
| Gain on sale of affiliated company securities | - | 403 |
| Total extraordinary gain | <u>3,765</u> | <u>478</u> |
| Extraordinary loss | | |
| Loss on sale of marketable securities | 1,334 | - |
| Total extraordinary gain | <u>1,334</u> | <u>-</u> |
| Net income before taxes | <u>19,512</u> | <u>24,221</u> |
| Income taxes | 8,746 | 9,282 |
| Net Income before minority interest | <u>10,765</u> | <u>14,938</u> |
| Minority interest in income (loss) of consolidated subsidiaries | (0) | 0 |
| Net income | <u>10,766</u> | <u>14,938</u> |

Consolidated Statements of Comprehensive Income

(Million yen)

| | Nine months ended September 30, 2012 | Nine months ended September 30, 2013 |
|--|---|---|
| Income before minority interests | 10,765 | 14,938 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 763 | 739 |
| Foreign currency translation adjustment | 149 | 4,076 |
| Share of other comprehensive income of associates accounted for using equity method | (0) | 3 |
| Total other comprehensive income | 912 | 4,819 |
| Comprehensive income | 11,678 | 19,758 |
| Comprehensive income attributable to owners of the parent | 11,665 | 19,756 |
| Comprehensive income attributable to minority interests | 12 | 1 |

(3) 【Consolidated Statements of Cash Flows】

(Million yen)

| Account | Nine months ended September 30, 2012 | Nine months ended September 30, 2013 |
|--|---|---|
| Cash flows from operating activities: | | |
| Net income before taxes | 19,512 | 24,221 |
| Depreciation and amortization | 5,051 | 5,376 |
| Stock compensations | 1,679 | 573 |
| Gain on reversal of stock acquisition rights | (3,765) | (74) |
| Amortization of goodwill | 527 | 251 |
| Increase (decrease) in allowance for bad debts | (2) | 45 |
| Increase (decrease) in allowance for sales returns | (305) | 451 |
| Increase in allowance for retirement benefits | 264 | 314 |
| Interest income | (958) | (1,063) |
| Interest expenses | 4 | 5 |
| Equity in earnings of affiliated companies | (5) | 1 |
| (Gain) loss on sale of marketable securities | 1,181 | (1,184) |
| (Gain) loss on valuation of marketable securities | 51 | - |
| (Gain) loss on sale of affiliated company securities | - | (403) |
| (Increase) decrease in notes and accounts receivable | 1,811 | 1,426 |
| (Increase) decrease in inventories | 129 | (21) |
| Increase (decrease) in notes and accounts payable | (226) | 182 |
| Increase (decrease) in accounts payable, other & accrued expenses | 66 | (1,444) |
| Increase (decrease) in deferred revenue | 3,094 | 521 |
| Virtual share bonus plan | - | 1,621 |
| Others | 1,216 | 557 |
| Subtotal | 29,330 | 31,356 |
| Proceeds from interest and dividend received | 855 | 1,115 |
| Payment for interest expenses | (4) | (5) |
| Payment for income tax | (8,049) | (12,640) |
| Net cash provided by operating activities | 22,131 | 19,826 |
| Cash flows from investing activities: | | |
| (Payments for)/Proceeds from time deposits | (2,246) | 208 |
| Payments for purchases of marketable securities and securities investments | (56,299) | (79,575) |
| Proceeds from sale or redemptions of marketable securities and securities investments | 35,824 | 75,101 |
| Payments for purchases of property and equipment | (931) | (1,601) |
| Payments for purchases of other intangibles | (2,828) | (3,302) |
| Proceeds from sale of affiliated company securities | - | 559 |
| Others | (103) | - |
| Net cash used in/provided by investing activities | (26,584) | (8,611) |
| Cash flows from financing activities: | | |
| Payment for purchase of treasury stock | - | (1,848) |
| Receipt from disposal of treasury stock | 12 | 8,580 |
| Dividends paid | (10,798) | (8,411) |
| Payments for stock option buy back | (165) | - |
| Net cash used in financing activities | (10,951) | (1,678) |
| Effect of exchange rate changes on cash and cash equivalents | (156) | 4,865 |
| Net increase (decrease) in cash and cash equivalents | (15,561) | 14,402 |
| Cash and cash equivalents at beginning of period | 71,167 | 50,446 |
| Cash and cash equivalents at end of period | 55,606 | 64,848 |

(4) Footnote on going concern

N/A

(5) Segment Information

【Segment information】

Information on sales, profit/loss by reporting segments

For the previous fiscal year (from January 1, 2012 to September 30, 2012)

(Million Yen)

| | Japan | North America | Europe | Asia Pacific | Latin America | Total | Adj (*)3 | Amt in Con P&L (*)4 |
|-------------------------------------|--------|---------------|--------|--------------|---------------|--------|-------------|---------------------------|
| Sales | | | | | | | | |
| (1) Net sales to external customers | 34,146 | 13,893 | 12,114 | 7,811 | 1,559 | 69,526 | — | 69,526 |
| (2) Intercompany sales | 3,517 | 1,157 | 554 | 8,702 | 7 | 13,939 | (13,939) | — |
| Total | 37,664 | 15,050 | 12,669 | 16,513 | 1,567 | 83,465 | (13,939) | 69,526 |
| Segment income | 13,800 | 953 | 646 | 713 | 353 | 16,466 | 144 | 16,611 |

(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, The Philippines, Singapore, Malaysia, Thailand, India

Latin America Brazil, Mexico

3 The amount of "Adj" in segment income (144M) is that of intercompany elimination

4 Total amount of segment income is adjusted to operating income in consolidated statement of income

For the current fiscal year (from January 1, 2013 to September 30, 2013)

(Million Yen)

| | Japan | North America | Europe | Asia Pacific | Latin America | Total | Adj (*)3 | Amt in Con P&L (*)4 |
|-------------------------------------|--------|---------------|--------|--------------|---------------|--------|-------------|---------------------------|
| Sales | | | | | | | | |
| (1) Net sales to external customers | 35,905 | 17,567 | 14,940 | 9,509 | 1,962 | 79,885 | — | 79,885 |
| (2) Intercompany sales | 3,103 | 1,705 | 713 | 11,194 | 10 | 16,728 | (16,728) | — |
| Total | 39,009 | 19,272 | 15,654 | 20,704 | 1,972 | 96,613 | (16,728) | 79,885 |
| Segment income | 15,250 | 3,363 | 2,081 | 892 | 449 | 22,037 | (250) | 21,786 |

(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, The Philippines, Singapore, Malaysia, Thailand, India |
| Latin America | Brazil, Mexico |

3 The amount of "Adj" in segment income (-250M) is that of intercompany elimination

4 Total amount of segment income is adjusted to operating income in consolidated statement of income

(6) Notes on significant changes in stockholders' equity

N/A