

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY 2014	31,942	(32,922)	(16,887)	58,662
FY 2013	30,567	(16,150)	(210)	73,949

2. Dividend of Surplus

As of	Cash dividends per share					aggregate amount of dividend annual	dividends payout ratio (Consolidated)	dividends on shareholders' equity (consolidated)
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total	Total	Total	Total
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
December 31, 2013	-	0.00	-	125.00	125.00	16,857	84.7	13.4
December 31, 2014	-	0.00	-	116.00	116.00	15,629	70.0	10.8
Projection for FY 2015	-	0.00	-	-	-		-	

(Note) Dividend for FY2015 Annual end is not yet projected.

125 yen dividend for FY2013 includes memorial dividends 30.00 yen as 25 years anniversary

3. Forecasts of consolidated financial results for FY 2015

(January 1, 2015 through December 31, 2015)

FY 2014	Net Sales	Operating Income	Ordinary Income	Net Income	Net income per share (basic)
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Annual	123,100 (6.9%)	34,200 (1.6%)	36,600 (1.7%)	22,600 (1.3%)	167.74

4. Others

(1) Movement of significant subsidiary : No

(2) Changes in accounting principles, accounting estimate and restatement

- ① Changes under the revision of Accounting Standards : Yes
- ② Changes in accounting principles other than ① : No
- ③ Changes in accounting Estimates : No
- ④ Restatements : No

(3) Number of shares issued (common shares)

① Number of shares issued (including treasury stocks):

140,293,004 shares as of December 31, 2014

140,293,004 shares as of December 31, 2013

② Number of treasury stocks :

5,557,124 shares as of December 31, 2014

5,430,724 shares as of December 31, 2013

③ Average number of shares outstanding :

134,615,969 shares as of December 31, 2014

132,825,804 shares as of December 31, 2013

Results of the non-consolidated operations

1. Financial Highlights for FY2014 (January 1, 2014 through December 31, 2014)

(1) Results of operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2014	52,783	0.3	19,033	(7.6)	19,719	(12.5)	10,996	(22.9)
FY 2013	52,600	3.7	20,605	10.0	22,544	20.6	14,260	18.5

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
FY 2014	81.69	81.10
FY 2013	107.36	106.44

(2) Financial Position

	Total assets	Net Assets	Net Assets ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2014	161,538	88,434	53.2	637.36
December 31, 2013	165,018	94,131	55.6	680.73

(Note) Net Assets after deduction of Share acquisition rights

: 85,874 million yen (91,804 million yen as of December 31, 2013)

* Statement relating to the status of the annual audit procedures

This report is not subject to the annual audit procedures, which are based on the Financial Instruments and Exchange Law. However, the audit procedures for annual consolidated accounts have not finished at the point of the disclosure of the annual 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.

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1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales	Operating income	Ordinary Income	Net income before tax	Net Income
Y2014	115,205	33,652	35,992	36,024	22,303
Y2013	108,314	29,450	32,456	32,006	19,595
Rate of Change (%)	6.4%	14.3%	10.9%	12.6%	13.8%

(Unit: million yen)

	Net Sales		
	FY 2014	FY 2013	Rate of Change (%)
Japan	50,736	48,551	4.5%
North America Reg.	24,948	23,615	5.6%
Europe Reg.	22,778	20,571	10.7%
Asia and Pacific Reg.	13,760	12,925	6.5%
Latin America Reg.	2,982	2,650	12.5%
Total	115,205	108,314	6.4%

During this term of fiscal year 2014, from January 1 to December 31, the world economy shows brisk recovery, and US and a part of developed countries have been showing healthy recovery to lead the world economy. On the other hand, Europe has still remained stagnation and emerging countries have been showing economic growth slowdown. In addition, there are the demands of a growing geopolitical risks and the fall in crude prices. The world economy has not been entirely stable.

Even though there are still problems such as continuing trade deficit and consumption tax hike postponed remaining, under the government's aggressive economic policies and massive monetary easing by the Bank of Japan, Japan economy has been on a moderate recovery trend with the business sentiment and employment conditions.

In the worldwide Information Technology Industry, cloud computing including server virtualization and related services have been still standing out from IT industry market continuously. Although the worldwide PC shipments are continuously decreasing due to weakness in emerging regions demands, it showed only slightly increase from the same period in previous year due to short-term factor such as enterprise's PC replacement demand in a part of both Western Europe and Japan. On the other hand, domestic mobile devices shipment started to recoil due to reduction in by the Windows XP replacement demand. Moreover, a part of smartphone sales shows decrease in sales down. These possibly caused negative growth in this year domestic mobile devices shipment.

In the computer security industry, "Advanced Persistent Threat (APT)" threats that pertain to computer intrusions by threat actors that aggressively pursue and compromise chosen targets has plagued the entire world continuously. APTs are still a big issue for enterprise security. Cyber terrorism to attack targeting a specific companies or state institution, etc. and its related to some cases of identity theft in both business client information and personal and private information are as recent high-visibility incidents. In Japan, there are malware programs to attack internet banking users, phishing incidents, inside job of carrying out internal information, targeted cyber attack to POS system, etc. in broad range of targets regardless of business or individuals. Increasing mobile devices attacking threats, cyber attacks, aim at personal ID and information, shifting its main target from individuals to companies holding tremendous personal information. It concerns an increase large-scale improper information acquisitions through such a company and these damages may increase from now on. Under such environment, our group business conditions are as follows:

With regards to sales in Japan region, consumer business has showed growth with the special benefit from

strong PC sales due to a rush demand before consumption tax increase and the Windows XP replacement demand, etc. As for enterprise business sales increase maintained with the growth of cloud related business. As a result, net sales for this period in Japan region amounted to 50,736 million yen (4.5% increase from the same period in the previous year.)

For North America region, consumer business sales has decreased significantly in also local currency due to the sales channel centralization aiming for higher profit margin and a decrease in number of users, etc. On the other hand, enterprise business shows the continuous growth of cloud related business and sustainable growth in its sales. Although low performance of consumer business dragged down the entire North America region sales, enterprise business has been recovery since second half of this year. In addition, weak yen benefited for sales figure in Japanese yen, sales for this period in this region was 24,948 million yen (5.6% increase from the same period in previous year).

Although EMEA region sales has been concerned about macroeconomics weaknesses in future demands, enterprise business growth has increased in also local currency mainly due to cloud related business. In addition to weak yen, sales for this period in EMEA registered double digit growth of 22,778 million yen (10.7% increase from the same period in previous year).

In the Asia Pacific region sales, especially Australia has been leading this region's sales continuously in also local currency through this year. As a result, net sales for this period in Asia Pacific region amounted to 13,760 million yen (6.5% increase from the same period in the previous year).

Latin America region has showed strong sales growth even in local currencies. Especially enterprise business in Brazil which has been enhanced sales division etc. and growth in Brazil sales has been leading this region's sales mainly due to cloud related business through entire year. As the result, net sales in this region registered double digit growth of 2,982 million yen (12.5% increase from the same period in previous year), which is also the region to have achieved the highest net sales growth among the 5 sales regions.

As a result, the consolidated net sales for entire year of fiscal year 2014 amounted to 115,205 million yen (6.4% increase from the same period in previous year), showing revenue growth in all region.

Cost of sales and operating expenses was largely affected by the weak Japanese yen. Although stock option related expenses etc. have substantially decreased, people costs have increased. As a result, cost of sales and operating expenses of 81,553 million yen (3.4% increase from the same period in previous year) and consolidated operating income for this period was 33,652 million yen (14.3% increase from the same period in the previous year).

In spite of a decrease in gain on sale of marketable securities, etc. from the same period in previous year, consolidated ordinary income for this period was 35,992 million yen (10.9% increase from the same period in the previous year) and the consolidated net income for this period was 22,303 million yen (13.8% increase from the same period in previous year).

(2) Qualitative Information on the Consolidated Earnings 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. However, forecasts of net sales for FY 2015 was assumed that Japan increases by around 5%, North America region increases by around 10% respectively, and Europe region decreases around 5% from the same period in previous year. In consideration of such a condition, we have decided to announce the earnings on an annually basis in the fiscal year ending in December 2015 as followings.

Business forecast for the Annual of FY2015 (January 1, 2015 - December 31, 2015)

Consolidated net sales	123,100 million yen
Consolidated operating income	34,200 million yen
Consolidated ordinary income	36,600 million yen
Consolidated net income	22,600 million yen

In development of the business forecasts the main assumed exchange rates for the Annual of FY2015 (January 1, 2015 - December 31, 2015) as follows.

1 US \$	118 yen
1 Euro	134 yen

(3) FINANCIAL CONDITION ANALYSIS

CONDITION OF ASSETS, LIABILITIES, AND NET ASSETS

Cash and bank deposits at the end of this period amounted to 63,109 million yen, a decrease of 16,523 million yen from FY 2013 annual closing. Total assets at the end of this period were 279,938 million yen, an increase of 18,445 million yen from FY 2013 annual closing due to substantial increase in marketable securities and investment securities, etc.

Total liabilities at the end of this period were 126,844 million yen, an increase of 7,890 million yen from FY 2013 annual closing, mainly due to substantial increase in deferred revenue, etc.

As a result, total net assets at the end of this period were 153,094 million yen, an increase of 10,555 million yen. This increase is mainly due to substantial increase in retained earnings and foreign currency translation adjustments, etc.

CONDITION OF CASH FLOW

(Unit: million yen)

	FY 2014	FY 2013	Increase (Decrease)
Cash Flows from Operating Activities	31,942	30,567	1,374
Cash Flows from Investing Activity	(32,922)	(16,150)	(16,771)
Cash Flows from Financing Activity	(16,887)	(210)	(16,676)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,581	9,126	(6,545)
Net increase (Decrease) in Cash and Cash Equivalents	(15,286)	23,333	(38,619)
Cash and Cash Equivalents at beginning of period	73,949	50,446	23,503
Increase in Cash due to merger of consolidated subsidiary	-	169	(169)
Cash and Cash Equivalents at end of period	58,662	73,949	(15,286)

[Overview of Cash Flow]

Cash flows from operating activity for this period were cash inflow of 31,942 million yen increased by 1,374 million yen compared with the previous period. This increase of inflow was mainly due to the increase of income tax payment while increase in net income before taxes.

Cash flows from investing activity were cash outflow of 32,922 million yen, increased by 16,771 million yen compared with the previous period. This increase of outflow was mainly due to large payments for purchases of marketable securities and securities investments.

Cash flows from financing activity were cash outflow of 16,887 million yen increased by 16,676 million yen compared with the previous period. This increase of outflow was mainly due to increase of dividends payments and decrease of proceeds from sale of treasury stock.

Taking these cash flows and the effect of exchange rate change on cash and cash equivalents into account, cash and cash equivalents at the end of this period was 58,662 million yen, decreased by 15,286 million yen compared with the previous period.

[Trends of Cash Flow Indexes]

(Japan GAAP)

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholder' s equity Ratio (%)	47.4	49.9	49.9	53.6	53.8
Capital Adequacy Ratio on Market Value Basis (%)	173.7	150.0	155.8	189.8	160.8
Debt Redemption Period (years)	-	-	-	-	-
Interest Coverage Ratio	8,424.1	13,846.0	7,300.7	4845.8	1,872.1

(Note)

Shareholder' s Equity Ratio : (Total shareholder' s Equity)/(Total Assets)

Capital Adequacy Ratio on Market Value : (Total Market Value of Shares)/(Total Assets) Basis

Debt Redemption Period : (Interest-bearing Debt)/(Operating Cash Flow)

Interest Coverage Ratio : (Operating Cash Flow)/(Interest Payment)

*All indexes are calculated from the financial statement amounts on a consolidated basis.

* "Total Market Value of Shares" is calculated as follows; "closing share price at the term end" multiplies by "number of shares issued at the term end" (net of treasury shares).

* "Operating Cash Flow" is "Net cash flows from operating activities" in the consolidated statement of cash flows.

"Interest-bearing Debt" is all debts with interest payments among the debts reported in the consolidated balance sheet.

"Interest Payment" is the amount of payment for interest expense in the consolidated statement of cash flows.

(4) BASIC POLICY OF PROFIT SHARING

We intend to continue to return profits to shareholders based on the net profit on a consolidated basis while striving to enhance financial strength and secure internal reserve in order to deal with significantly changing business environment and maintain competitive edge against competitors.

As our basic policy on dividend, we plan to pay a year-end dividend on the basis of the dividend ratio of 70%.

Accordingly a year-end dividend on the basis of a dividend ratio of 70.1% of net income of 22,303 million yen in FY2014, we have planned to pay total dividends of 15,629 million yen, which is 116 yen per share in this term.

We also plan to pay dividend in next term based on our above mentioned basic policy on dividend.

(5) RISK FACTORS

The occurrence of any of the following risks could affect the Trend Micro group's business, financial condition, and operating results. If this should happen, the trading price of shares of Trend Micro Incorporated, Trend Micro group's parent company, could decline and its investors/shareholders could lose all or part of their investment. Other risks and uncertainties unknown to us, the Trend Micro group, or that we, the Trend Micro Group, think are immaterial may also impair our business.

MAJOR SOFTWARE AND HARDWARE VENDORS MAY INCORPORATE ANTIVIRUS PROTECTION IN THEIR PRODUCT OFFERINGS, WHICH COULD RENDER OUR PRODUCTS AND SERVICES OBSOLETE OR UNMARKETABLE.

There is a possibility of facing significant changes in the competitive environment, if major vendors of operating system software and other software such as firewall, e-mail software or computer hardware, decide to enhance or bundle their products to include antivirus and other computer security functions. These companies may offer antivirus protection as a standard feature in their products, at minimal or no additional cost to customers, which could render our wide range of products and services obsolete or unmarketable, particularly if antivirus products offered by these vendors were comparable or superior to our wide range of products and services. In addition, even if these vendors' antivirus products offered fewer functions than our wide range of products and services, or were less effective in detecting and cleaning virus-infected files, customers could still choose them over our wide range of products and services due to lower cost or for any other reasons.

Microsoft Corp., a major operating system vendor, has acquired several security vendors. If antivirus and other computer security functions were to be included in its operating system products by Microsoft Corp., this could have a material adverse effect on our business, financial condition and results of operations.

AS WE GENERATE SUBSTANTIALLY ALL OF OUR SALES FROM A SINGLE SCOPE OF BUSINESS, WE ARE VULNERABLE TO DECREASED DEMAND FOR SUCH PRODUCTS AND SERVICES.

Our main businesses focuses are our net sales from licensing and selling antivirus and other security products and services. Although we have begun to offer more comprehensive network and internet security and management software and services, we expect antivirus and other security products and services to continue to account for the largest portion of our net sales in the foreseeable future. If the demand for, or the prices of, antivirus and other security products and services drop as a result of competition, technological changes or other factors such as lower growth or a contraction in the worldwide computer security market, this could have a material adverse effect on our business, financial condition and results of operations.

OUR WIDE RANGE OF PRODUCTS AND SERVICES MAY BECOME OBSOLETE BECAUSE RAPID TECHNOLOGICAL CHANGES REGULARLY OCCUR IN THE COMPUTER SECURITY MARKET.

The computer security market is characterized by:

- rapid technological change;
- proliferation of new and changing computer viruses, malware programs, and threats over the internet;
- frequent product and services introductions and updates; and
- changing customer needs.

These characteristics of our market create significant risks and uncertainties for our business success. For example, our competitors might introduce computer security products and services that are technologically superior to our wide range of products and services. Additionally, new software operating systems, network systems or new antivirus measurements or technologies could emerge. Emerging trends in these systems and standards currently include applications distributed over the Internet and the use of a web browser to access client-server systems. Our existing products and services might be incompatible with some or all of such standards. Our business, financial condition and results of operations could materially suffer unless we are able to respond quickly and effectively to these developments.

OUR HARDWARE-BASED PRODUCTS FACE MANUFACTURING AND INVENTORY RISKS.

We rely on a small number of third parties to manufacture some of our hardware-based products. We expect our reliance on third-party manufacturers to become more important as the number of our hardware-based products increases. Reliance on third-party manufacturers involves a number of risks, including a lack of control over the manufacturing process and the potential absence or unavailability of adequate capacity. If any of our third-party manufacturers cannot or will not manufacture our products in required quantities in compliance with environmental and other regulations in the markets we serve, on a cost-effective basis, in a timely manner, or at all, we will have to secure additional manufacturing capacity. The unexpected loss of any of our manufacturers could disrupt our business. Furthermore, our hardware-based products contain critical components supplied by a single or a limited number of third parties. Any significant shortage of components or the failure of the third-party supplier to maintain or enhance these products could lead to cancellation of customer orders or delays in the placement of orders and adversely affect our financial condition and results of operation.

WE MAY NOT GENERATE EXPECTED RESULTS WITH STRATEGIC ALLIANCES.

We are mainly focusing our business in the field of computer security business based on antivirus software. Therefore, we actively pursue strategic alliances with other companies that allow us to provide customers with integrated or other new products and services derived from the alliances. To launch and provide such products and services, we may invest substantial cash and other resources in product development, marketing promotions and support and maintenance activities. But we may not earn revenue successfully from alliances despite our efforts, and such alliance may be terminated or dissolved due to various causes before generating revenue.

MARKET SHARE OF MAJOR SOFTWARE AND HARDWARE VENDORS MAY PROVIDE COMPUTER SECURITY FUNCTIONS FOR FREE COULD GROW.

The computer security industry which our group belongs to, has grown increasingly competitive. Our existing competitors and other major vendors in the software and hardware industry etc. may start to offer antivirus and other computer security functions for free or at very low prices. Those antivirus and other computer security functions could be added into a single product, or bundled with their existing products. These companies may offer antivirus protection as a standard feature in their products, at minimal or no additional cost to customers. This could render our wide range of products and services to become obsolete or unmarketable, particularly if antivirus products offered by these vendors were comparable or superior to our wide range of products and services. In addition, even if these vendors' antivirus products offered

fewer functions or were less effective in detecting and cleaning virus-infected files than our products and services, customers could still choose these vendors due to the lower cost.

In such a situation, our group's business competitiveness could be inevitably weak, and it also has an adverse effect on our business, financial condition, and results of operations.

THE POSSIBILITY OF DECREASED SALES AND MARKET SHARE IN OUR CORE JAPANESE MARKET IF OUR COMPETITORS ACHIEVE SUCCESS IN JAPAN.

Our major competitors, McAfee, Inc. and Symantec Corporation, are active in the Japanese antivirus software market and have allocated significant resources to achieve success in the Japanese computer security market. Additionally, competition in our core Japanese market could intensify in the future if other competitors emerge. As a result of our competitors' efforts, we may not be able to maintain our current leading market position in Japan in the future. Also, in order to respond effectively to increased competition, we may be required to devote more of our product development, marketing and other resources to the Japanese market, which could limit our ability to grow in other markets. A material loss of sales and market share in Japan as a result of our competitors' success could have a material adverse effect on our business, financial condition and results of operations.

AS WE MAY ACQUIRE COMPANIES TO GROW OUR BUSINESS, FUTURE ACQUISITIONS MAY REDUCE OUR EARNINGS AND RESULT IN INCREASED COSTS IN OUR BUSINESS OPERATIONS.

In a rapidly changing industry, we occasionally review acquisition opportunities. Accordingly, we may seek to expand our business through acquisitions. Unlike some of our major competitors, we have limited experience in acquiring existing businesses. Future acquisitions could result in numerous risks and uncertainties, including:

- our inability to retain customers, suppliers and other important business relationships of an acquired business;
- difficulties in integrating an acquired company into Trend Micro, including the acquired company's operations, personnel, products and information systems;
- diversion of our management's attention from other business concerns; and
- adverse effects on our results of operations arising from acquisition-related charges, impairment of goodwill and purchased technology and possible recognition of impairment charge.

If we make such an acquisition using our stock, our current shareholders' ownership interests will be diluted. Any of these factors could materially hurt our business, financial condition and results of operations.

IF HACKERS / CRACKERS GAIN UNAUTHORIZED ACCESS TO OUR SYSTEMS, WE COULD SUFFER DISRUPTIONS IN OUR BUSINESS AND LONG-TERM DAMAGE TO OUR REPUTATION.

Our reputation may be more susceptible to problems than other software companies caused by hackers / crackers trying to break into or attack our networks, steal secrets, and deface our site. As a computer security company that delivers virus protection and other security products and services over the Internet, hackers / crackers specifically target us in order to cause us to transmit computer viruses and malware programs, loss or theft of technical information including the source codes etc., or vital information of customers or employees, and our groups' website defacement over the internet. If these incidents occur, our group's business could suffer. We could also incur costs to fix technical problems or fix problems created by hackers gaining access to our proprietary information. In addition, we could suffer substantial disruptions in our business and damage to our reputation which could result in a significant loss of customers and other important business relationships until recovery of confidence.

WE FACE INFORMATION SECURITY RISKS RELATED TO INSIDERS / OFFICIALS IN OUR GROUP.

Our group has made contracts with most of subcontractors and employees with the purpose of preservation of confidentiality. In the case of loss or theft of technical or private information for taking out and unfair use by our group insiders despite taking legislative actions, we could significantly discredit us. Additionally, there is also a possibility to be brought an action for a large amount of damages. In such a case, we could suffer substantial disruptions in our business and also incur costs to fix technical problems etc. and any of these factors could materially hurt our business, financial condition and results of operations.

WE FACE NEW RISKS RELATED TO OUR ANTI-VIRUS AND OTHER SECURITY PRODUCTS AND SERVICES.

A broad range of our security products may falsely identify emails, URLs, or programs as unwanted spam, malicious web sites, and potentially dangerous programs. Our group's security products and services may also fail to properly identify and prevent unwanted emails, URLs, programs, malicious websites, or spyware that are often designed to circumvent anti-virus, anti-spam, web filtering, or spyware products. Parties

whose emails, URLs, or programs are blocked by these our security products and services may seek redress against us for labeling them as “spammers,” “malicious websites,” spyware, or for interfering with their business. In addition, false identification of emails, URLs, or programs as unwanted “spam,” “malicious web sites” or “potentially unwanted programs” may reduce the adoption of these products. Also, there is a possibility of our online file storage service abuse including illegal sharing and using inappropriate files etc. This could significantly discredit us, and negatively affect our operational results if we are required to pay significant amounts of penalty payments pursuant to copyright or the author’s fee etc. In such a case, it would adversely impact our operating results and financial condition. In addition, should we fail to properly test these products, solutions, or protection files and distribute a defective file, these could cause damage to customers. In such a case, it would adversely impact our operating results and financial condition.

WE MUST EFFECTIVELY MANAGE OUR BUSINESS GROWTH.

Our business field has been expanding. This expansion has placed, and any future business expansion or growth would continue to place, a significant strain on our limited personnel, management and other resources. Our ability to manage any future expansion or growth in our business will require us to:

- attract, train, retain, motivate and manage new employees successfully;
- effectively integrate new employees into our operations; and
- continue to improve our operational, financial, management and information systems and controls.

If we continue to expand or grow, our group’s management systems in place may be inadequate or we may not be able to effectively manage our growth. In particular, we may be unable to:

- provide effective customer service;
- develop and deliver products in a timely manner;
- implement effective financial reporting and control systems; and
- exploit new market opportunities and effectively respond to competitive pressures.

WE SELL OUR PRODUCTS AND SERVICES THROUGH INTERMEDIARIES WHO MAY NOT VIGOROUSLY MARKET OUR PRODUCTS AND SERVICES, OR MAY RETURN OUR PRODUCTS AND SERVICES.

We market substantially all of our products and services to end users through intermediaries, including distributors, resellers and value-added resellers. Our distributors sell other products that are complementary to, or compete with, our products and services. While we encourage our distributors to focus on our wide range of products and services, these distributors may give greater priority to products of other suppliers, including competitors’. They may also return the products to us under certain circumstances.

WEAK FINANCIAL CONDITIONS OF SOME OF OUR DISTRIBUTORS MAY ADVERSELY AFFECT OUR OPERATING RESULTS.

Some of our distributors are experiencing financial difficulties worldwide, which may adversely impact our collection of accounts receivable. We regularly review the collectability and creditworthiness of our distributors to determine an appropriate allowance for doubtful receivables. Our uncollectible accounts could exceed our current or future allowance for doubtful receivables, which would be adversely significant impact our operating results.

OUR CUSTOMERS MAY CANCEL OR DELAY THEIR PURCHASES OF OUR WIDE RANGE OF PRODUCTS AND SERVICES, WHICH COULD ADVERSELY AFFECT OUR BUSINESS.

Our wide range of products and services may be considered to be capital purchases by certain enterprise customers. Capital purchases are often uncertain and, therefore, are canceled or delayed if the customer experiences a downturn in its business prospects or as a result of unfavorable economic conditions. Any cancellation or delay could adversely affect our results of operations.

WE RELY HEAVILY ON OUR MANAGEMENT AND TECHNICAL PERSONNEL, WHO MAY NOT REMAIN WITH US IN THE FUTURE.

We rely, and will continue to rely, on a number of key technical and management employees, including our Chief Executive Officer, Eva Yi-Fen Chen. While we require our employees to sign employment agreements, our employees are generally not otherwise subject to non-competition covenants. If any of our key employees leave, our business, results of operations and financial condition could suffer.

THE MOBILITY OF HUMAN RESOURCES AND FLUCTUATIONS IN THE LABOR MARKET COULD ADVERSELY AFFECT OUR BUSINESS.

The computer security industry which our group belongs to, has grown increasingly competitive. In this competitive environment, recruiting top-class human resources has been the most important challenges to support innovative technology for all the companies.

Today, the majority of Trend Micro staff is based in Asia, as well as in the emerging countries. Due to this region’s rising inflation and costs of living, salaries will also have to increase. Any increase in

costs caused by the above could cause our group's business, results of operations and financial condition could suffer. Also the talent war with competitors could adversely affect to our group's labor cost. Moreover, unexpected high turnover and recruitment which does not work out as planned, may hurt our group's business performance.

If any of cost increase caused by those above, our group's business, results of operations and financial condition could suffer.

THE LOSS OF HUMAN RESOURCES INCLUDING MAJOR TECHNICAL SPECIALIST PERSONNEL COULD ADVERSELY AFFECT OUR BUSINESS.

The computer security industry which our group belongs to, has grown increasingly competitive. In this competitive atmosphere, there is a possibility of human resources flow including major technical specialist personnel. Our group has made contracts with all employees for the purpose of preservation of confidentiality and obligation not to compete. Despite taking such legislative actions, we could suffer substantial disruptions in our business to our reputation due to outflow of technical and strategic vital information, and other companies developing similar technology with ours. In addition, our group's business, operations and financial condition could suffer as a result of the above.

FLUCTUATIONS IN OUR QUARTERLY FINANCIAL RESULTS COULD CAUSE THE MARKET PRICE OF TREND MICRO INCORPORATED, TREND MICRO GROUP'S PARENT COMPANY, FOR ITS SHARES TO BE VOLATILE.

We believe that our quarterly financial results may fluctuate in ways that do not reflect the long-term trend of our future financial performance. It is likely that in some future quarterly periods, our operating results may be below the expectations of public market analysts and investors. In this event, the share price of Trend Micro Incorporated, Trend Micro group's parent company, could fall.

Factors which could cause our quarterly financial results to fluctuate include:

- timing of sales of our products and services to customers' budgetary constraints, seasonal buying patterns and our promotional activities;
- new product introductions by our competitors;
- significant marketing campaigns, research and development efforts, employee hiring, and other capital expenditures by us to drive the growth of our business;
- changes in customer needs for antivirus and other computer securities; and
- changes in economic conditions in our major markets.

FOREIGN EXCHANGE FLUCTUATIONS COULD LOWER OUR RESULTS OF OPERATIONS BECAUSE WE EARN REVENUES DENOMINATED IN SEVERAL DIFFERENT CURRENCIES.

Our reporting currency is the Japanese yen and the functional currency of each of our subsidiaries is the currency of the country in which the subsidiary is domiciled. However, a significant portion of our revenues and operating expenses is denominated in currencies other than the Japanese yen, primarily the US dollar, Euro, and Asian currencies. As a result, appreciation or depreciation in the value of other currencies as compared to the Japanese yen could result in material transaction or translation gains or losses which could reduce our operating results. These negative effects from currency fluctuations could become more significant if we are successful in increasing our sales in markets outside of Japan.

Also, we have a portion of marketable securities for fund management. Those values will be affected by the ups and downs of exchange rate denominated in foreign currencies and significant currency fluctuations could hurt our corporate earnings significantly.

We do not currently engage in currency hedging activities.

FINANCIAL MARKET FLUCTUATIONS COULD LOWER OUR RESULTS OF OPERATIONS.

We have marketable securities and security investments for efficient fund management. Those values of the capital holdings will be affected by fluctuations in the financial market and exchange rates. In the future, if financial market fluctuates widely, this could have a material adverse effect on our financial condition and results of operations proportionate devaluation loss on investment in securities.

INFRINGEMENT OF OUR INTELLECTUAL PROPERTY COULD HURT OUR BUSINESS.

Our success depends on the development of proprietary software technology. We rely on a combination of contractual rights and patent, copyright, trademark and trade secret laws to establish and protect proprietary rights in our software. If we are unable to establish and protect these rights, our competitors may be able to use our intellectual property to compete against us. This could limit our growth and hurt our business. It is possible that no additional patents will be issued to us or any of our subsidiaries. In addition, our issued patents may not prevent other companies from competing with us. On the other hand, there is the possibility of the suspension of our products and services sales, compensation, and royalty payment of licensee because of our patent infringement upon another company. Additionally, there is also a

possibility that a case brought against a service invention and suit filed by employee. In the case of losing such a lawsuit, payment to compensate the employee may be incurred.

PRODUCT AND SERVICE LIABILITY CLAIMS ASSERTED AGAINST OUR GROUP IN THE FUTURE COULD HURT OUR BUSINESS.

Our group's products and services are designed to protect customers' network systems and personal computers from damage caused by computer viruses, web threats and data stealing malware. As a result, if a customer suffers damage from any of these threats or if the actual functions of our group's products and services differ from the stated, the customers may return those products and also demanded refunds for services and the customer could sue us on product liability or related grounds, claim damages for data loss or make other claims. Also, if our online file storage service users suffer loss of data and information etc., caused by system troubles etc., the customer could sue our group on product liability or related grounds, claim damages for data loss or make other claims. Additionally, as threats are constantly evolving, purchasers of our software products must regularly update the software they have purchased from us with signature protection files that we make available for download from our website. Should we fail to properly test these protection files and distribute a defective file, these files could cause damage to the personal computers of our customers who have downloaded a defective file. In addition, our hardware products as a defective appliance could cause damage to human lives, health, and the personal property of our customers who have used a defective appliance. As a result, if a customer suffers damage from our products, the customer could sue us on product liability or related grounds, claim damages for data loss or make other claims. Our license agreements typically contain provisions, such as disclaimers of warranty and limitations of liability, which seek to limit our exposure to certain types of product liability claims. However, in some jurisdictions these provisions may not be enforceable on statutory, public policy or other grounds. In the case of losing such a law suit, there is a possibility that the case filed by our service and product users for damages and recovery of pain and suffering damages could have a material adverse effect on our business.

THE POSSIBILITY OF PRODUCT RECALL.

Although we have a proper test and inspection performed before our virus protection files and products are shipped, our virus protection files could distribute a defective files and cause damage to the personal computers of our customers who have downloaded a defective file. In addition, our hardware products as a defective appliance could cause damage to human lives, health, and the personal property of our customers who have used a defective appliance. As a result, we could order a recall of products at the discretion of company. In such a case, this could have a material adverse effect on our financial condition and results of operations.

OUR BUSINESS FACES THE RISK OF EFFECT FROM VIOLATION OR AMENDMENT OF THE LAW AND THE LEGAL ACT.

All our business would be under various laws and regulations in each country and each region. If we would fail to comply with those laws and regulations, it would provide more severe administrative guidance and penal regulations. If officers and employees who are in our group violates the constitution or other laws or regulations, our group's business could suffer substantial disruptions in our business and to our reputation which could result in a loss of customers and other important business relationships until recovery of confidence.

In such cases, there is the possibility to have a material adverse effect on our operating results. Also, in the case of the laws and regulations legal amendments, there are the possibilities to be tightening regulations and restrictions on our products and services and carry a cost in terms of relevant issues. In such a case, our business may have a material adverse effect on our operating results.

OUR BUSINESS FACES THE RISK OF INTERRUPTION FROM POWER SHORTAGES, EARTHQUAKES AND OTHER DISASTERS, OUTBREAK OF BIOLOGICAL VIRUSES, GEOPOLITICAL RISK, AND OTHER HAZARDS.

We face a number of potential business interruption risks that are beyond our control. The State of California experienced intermittent power shortages in 2000, sharp increases in the cost of energy and even interruptions of service to some business customers. If power shortages continue to be a problem, our business may be materially adversely affected. Or, in the outbreak of severe acute virus, influenza, or SARS, there is the possibility that we should stop all our business operations.

Additionally, we may experience natural and biological disasters as like above that could interrupt our business. The impact of nature disasters as a future major earthquake on our facilities, infrastructure and overall operations is not known. There is no guarantee that nature disasters would not seriously disturb our entire business operations. We are largely uninsured for losses and business disruptions caused by an earthquake and other natural disasters.

In addition, many of the key countries and regions in which we operate have sustained negative economic impact from events such as the continued fear of future the outbreak of severe virus / acute respiratory

syndrome, etc., terrorist attacks and other geopolitical risks prolonged continuation of these adverse factors may hurt our results of operations and financial condition.

THE STOCK PRICE OF TREND MICRO INCORPORATED, TREND MICRO GROUP' S PARENT COMPANY, IS VOLATILE, AND INVESTORS BUYING THE SHARES MAY NOT BE ABLE TO RESELL THEM AT OR ABOVE THEIR PURCHASE PRICE.

Shares of the common stock of Trend Micro Incorporated, Trend Micro group' s parent company, are traded on the Tokyo Stock Exchange. Recently, the Japanese securities markets have experienced significant price and volume fluctuations. The market prices of securities of high-tech companies, and internet companies in particular, have been especially volatile. Since trading in shares of Trend Micro Incorporated commenced on the Tokyo Stock Exchange on August 17, 2000, stock price of Trend Micro Incorporated has fluctuated between a low of (Yen) 1,440 and a high of (Yen) 9,005. The closing price on the Tokyo Stock Exchange for our stock on December 30, 2014 was (Yen) 3,340. The market price of our shares is likely to fluctuate in the future.

BECAUSE OF DAILY PRICE RANGE LIMITATIONS UNDER JAPANESE STOCK EXCHANGE RULES, YOU MAY NOT BE ABLE TO SELL YOUR SHARES OF THE COMMON STOCK OF TREND MICRO INCORPORATED, TREND MICRO GROUP' S PARENT COMPANY, AT A PARTICULAR PRICE ON ANY PARTICULAR TRADING DAY, OR AT ALL.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchange set daily upward and downward price fluctuation limits for each stock, based on the previous day' s closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

2. Condition of corporate group

Trend Micro Group consists of Trend Micro Inc. (Japan), and its subsidiaries which develop and sell anti-virus products and offer other related services. Affiliated company is Soft Trend Capital Corporation which manages capital funds to be invested into Internet-related ventures and General Mobile Corporation which is a service provider for mobile device platform.

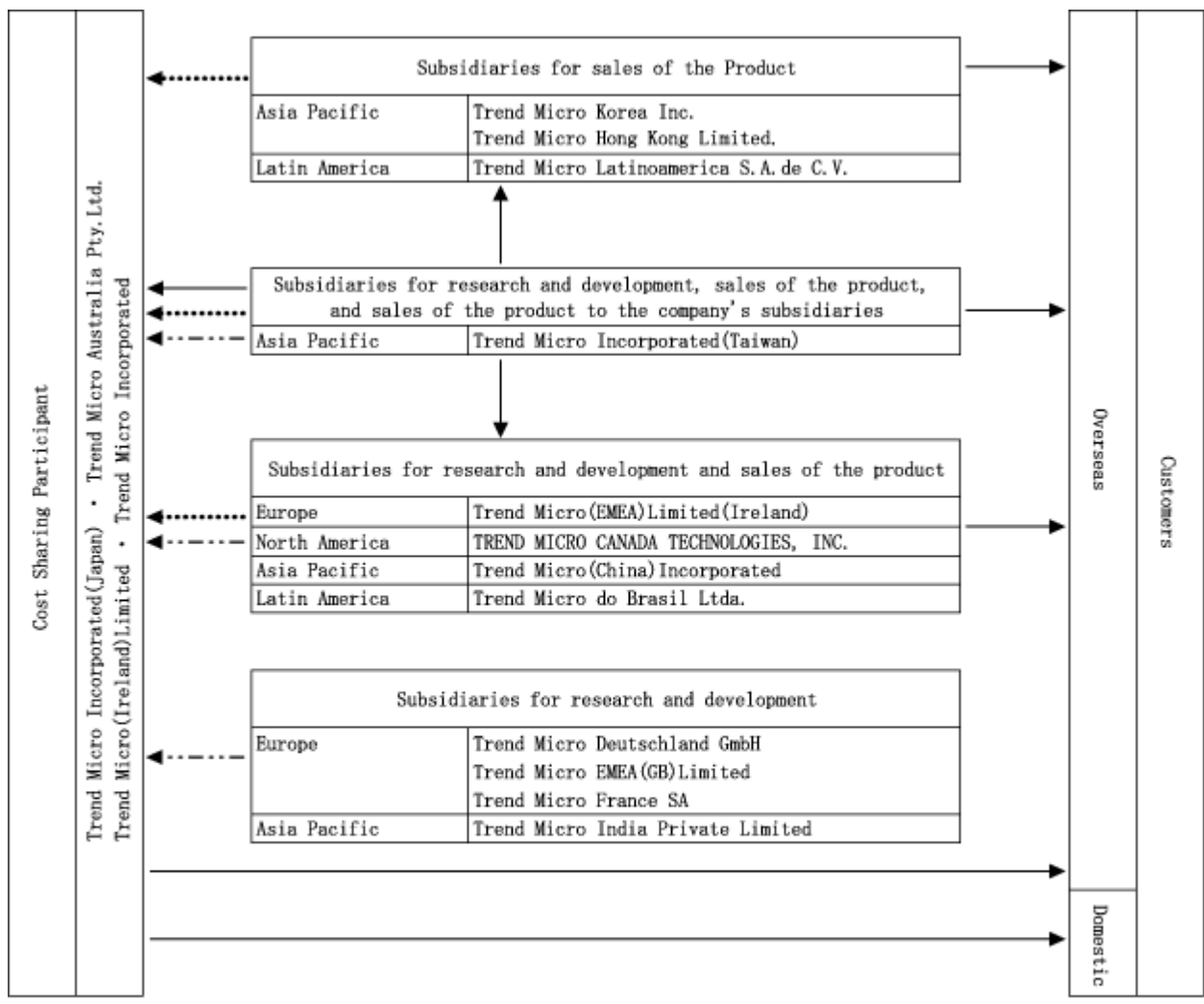
(1) Development and sales of anti-virus products

Products related to anti-virus:

PC client products, LAN server products, Internet server products, All Suite products and Other products

The business functions in Trend Micro Group are described below.

Function	Operating Segment	Main companies
Research and Development	Japan	Trend Micro Inc. (Japan)
	North America	Trend Micro Incorporated (U.S.A) Trend Micro Canada Technologies, Inc.
	Europe	Trend Micro Deutschland GmbH (Germany) Trend Micro (EMEA) Limited (Ireland) Trend Micro France SA Trend Micro EMEA (GB) Limited (UK)
	Asia Pacific	Trend Micro Incorporated (Taiwan) Trend Micro India Private Limited Trend Micro (China) Incorporated Trend Micro Australia Pty. Ltd.
	Latin America	Trend Micro do Brasil Ltda.
Sales of the products	Japan	Trend Micro Inc. (Japan)
	North America	Trend Micro Incorporated (U.S.A) Trend Micro Canada Technologies, Inc.
	Europe	Trend Micro (EMEA) Limited (Ireland)
	Asia Pacific	Trend Micro Incorporated (Taiwan) Trend Micro Korea Inc. Trend Micro Australia Pty. Ltd. Trend Micro Hong Kong Limited Trend Micro (China) Incorporated
	Latin America	Trend Micro do Brasil Ltda. Trend Micro Latinoamerica S.A. de C.V. (Mexico)
Back office	Europe	Trend Micro (EMEA) Limited (Ireland)
	Latin America	Servicentro TMLA, S.A. de C.V. (Mexico)



(Note) All subsidiaries above are consolidated.

(2) Other related service

Other related services are offered by Soft Trend Capital, which manages capital funds to be invested into Internet-related ventures and by General Mobile Corporation which provides total solutions for mobile device platform and mobile internet services.

3. Management policy

(1) BASIC POLICY OF MANAGEMENT

Our Vision: A world safe for exchanging digital information.

Our Mission: Defend against threats that would impact user's digital life or IT infrastructure.

Our Strategy: Be the threat defense expert that adapts quickly to evolving user behaviors, infrastructure and threat vectors.

Computer networks, mainly those linked to the internet, have been a global infrastructure, as lifelines of the information society regardless of individual, business or national border for a long time.

Today, most threats on the network such as computer viruses, spyware, spam, site defacing, and information theft cannot be predicted and completely prevented. In an increase of cyber-crimes which cause theft of proprietary information, monetary damages, and malicious destructions no matter enterprise or consumer, both users could be targeted and attacked. With Advanced Persistent Threat (APT), which is popular attack technique, enterprise are targeted as a particular organization by multi-faceted attacks. At the same time, consumer users could be also targeted through those new IT technologies and services including variable devices and services like smartphones, multi-functional mobile devices such as tablets, etc., and SNS. Now more than ever, security is the breath of life to enterprises and individuals.

Trend Micro's vision is to protect the global IT infrastructure including growing cloud computing. As a company, we will provide globally-relevant products and services that cover multiple areas of computer security including assessment, minimizing damages in an emergency, and restoration to against sequence of cyber-attacks, mainly APTs. Trend Micro is not only protecting enterprises and individual users from the threats over the networks without interrupting economic activities and usability, but it is also contributing to the further development of the information society by improving the safety of the whole network system.

(2). TARGET MANAGEMENT INDEX

According to a research institute, etc., the worldwide security products that we belong to, is estimated to expand at an annual growth rate of 6.9 percent from 2013 to 2018 (based on IDC, USA in December 2014). Making the growth rate of our consolidated net sales to exceed the industry average without fail is an important index that tells us whether or not we can grow to become a leading company that can contribute to customers both in the Japanese and the global market.

In view of the fact that we have a relatively small amount of investments in physical fixed assets such as manufacturing equipment, have no significant time-lag between accounting profit and loss and cash flows as a characteristics of software companies, and have uncertainty about the long-term forecast of the whole industry which, including our company, has a relatively short history, we set target as operating income margin rate of around 30 percent at this time.

(3). MID- TO LONG-TERM BUSINESS STRATEGY

Today, computers and the Internet are used by every person and in all types of scene and location in every country across the world. It has been a part of our society and daily life for long time. In addition to, not only the personal computers, but also smartphones and multi-functional mobile devices such as tablets, etc., and other varied network devices have been launched. With this stream, application programs and purposes of use have become diversified. As a result, there is no longer a single solution that can protect against all the different type of threat environments. Also, in the network environment, cloud computing, which has started actual use, creates innovation in digital information traffic with easy, speedy, and reasonable for data mining and exchange to any information including big data. Under such a situation, the competition in the computer security market has changed, becoming more intensive with new entries.

And our group recognizes that these changes are business opportunities.

Recently, the rising use of cloud computing technology has been spurred by companies or organizations, etc. from the perspective of business continuity planning and personal using diversifying mobile devices. Thus, more has to be done to create new security for this cloud computing age. Trend Micro group has been providing security solutions that belong to Trend Micro Smart Protection Network. These include Cloud Computing Security Architecture and Deep Security for

protection of mixed environments of physical, virtual and cloud servers to protect data in cloud environments. We will provide security products and services for virtualization and cloud environments, and not only traditional PC but also any new internet devices which become diversified. For accelerating digitalized business and society, and for protecting user's life, Trend Micro group will strengthen further information security solution in the true digitalization framework to continue to advance business relationships with our partners. To provide comprehensive and great certainty solutions, our group will keep working just as hard as ever in mainly 3 fields: Cloud and Virtualization, cyber Attacks, and Consumerization. Moreover, we have a plan to offer visualization solutions which add another dimension to security future. In addition, for achieving our vision: A world safe for exchanging digital information. As threat defense experts, our group will advance as an innovative company with forefront of security technological development and provide ongoing optimum solutions to protect the living environment of customers.

(4). ISSUES TO DEAL WITH

In the computer security industry which our group belongs to, there have been two competitors with gaining a respectable degree of market share in the U.S. In addition to our direct competitors, a major operating system software vendor has also entered into the security market. Moreover, recently M&A or acquisition from other industries and new entries, etc. have been encouraging market competitions both domestic and overseas. Such a consolidation and new entries are now too fluid to foresee the future direction of this business and their presence in the computer security market will make the competition in the market more intense.

In response to such intense competition, we are enhancing our wide range of technologies to better combat the latest web threats, which evolve from day to day, through a number of acquisitions. With those a series of acquisitions and organically grown technology, Trend Micro has taken the lead over other competitors in creating cloud based security solution. Since 2009, Trend Micro Smart Protection Network is at the core of Trend Micro products and services.

The past information society has been developed by digitalizing any mechanism including business process and social structure human kind had created in the long history. Now, the Internet of Everything (IoE), as the framework to create new value through communication with one another by various gadgets and devices on the networked connections, and digital technology such as mobile, cloud computing, social media, and big data are predicated on future IT innovation. Under this prediction, variable business models and new social structure will be developed from every field as manufacturing, retail distribution industry, money and banking, service business, agriculture, healthcare, and social-infrastructure, etc. in near future.

As the true digitalization progresses in the business field and the society, information security risks also increase at an accelerated pace. As the property value of big data which enterprise has to continued growing, the cyber crimes aim to it is increasing. It will be concerned the possibility of emergence unprecedented cyber attacks by IoE, mobile, or cloud technology.

We will continue to concentrate management resources on developing original, high-performance solutions that address customer pain points faster than the competitors. At the same time, we will continue to pursue long-term growth with a stable financial foundation, strengthen our commitment to users, as well as develop marketing campaigns that target customer needs and customer buying behavior.

4. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2013	December 31, 2014
(Assets)		
Current assets		
Cash and bank deposits	79,632	63,109
Notes and Accounts receivable, trade	24,546	26,342
Marketable securities	60,958	74,328
Inventories	*1 408	523
Deferred tax assets	15,462	14,947
Others	3,821	4,819
Allowance for bad debt	(217)	(270)
Total current assets	184,612	183,799
Non-current assets		
Property and equipment		
(1) Office furniture & equipment	*2 3,271	3,752
(2) Others	*2 1,312	1,197
Total Property and equipment	4,583	4,949
Intangibles		
(1) Software	6,975	7,783
(2) Goodwill	1,119	740
(3) Others	1,065	903
Total intangibles	9,160	9,427
Investments and other non-current assets		
(1) Investment securities	51,095	67,815
(2) Investments in subsidiaries and affiliates	38	1,231
(3) Deferred tax assets	10,576	11,031
(4) Others	1,425	1,684
Total investments and other non-current assets	63,135	81,762
Total non-current assets	76,880	96,139
Total assets	261,493	279,938

(Million yen)

Account	December 31, 2013	December 31, 2014
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	486	672
Accounts payable, other	3,789	4,085
Accrued expenses	5,015	5,576
Accrued income and other taxes	5,279	4,635
Allowance for bonuses	1,433	929
Allowance for sales returns	656	653
Deferred revenue	65,429	70,162
Others	4,976	6,066
Total current liabilities	87,066	92,782
Non-current liabilities		
Deferred revenue	27,429	28,531
Allowance for retirement benefits	2,896	-
Net defined benefit liability	-	4,225
Others	1,561	1,305
Total non-current liabilities	31,887	34,061
Total liabilities	118,954	126,844
(Net assets)		
Shareholders' equity		
Common stock	18,386	18,386
Capital surplus	21,796	21,993
Retained earnings	113,509	118,955
Treasury stock, at cost	(16,303)	(16,986)
Total Shareholders' equity	137,389	142,349
Accumulated Other Comprehensive Income		
Net unrealized gain (loss) on debt and equity securities	1,768	2,242
Foreign currency translation adjustments	1,045	6,681
Remeasurements of defined benefit plans	-	(749)
Total accumulated other comprehensive income	2,813	8,174
Stock acquisition rights	2,326	2,559
Minority interest	9	11
Total net assets	142,539	153,094
Total liabilities and net assets	261,493	279,938

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

(Million yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Net Sales	108,314	115,205
Cost of sales	19,378	20,430
Gross profit	<u>88,935</u>	<u>94,775</u>
Operating expenses	*1*2 59,485	61,122
Operating income	<u>29,450</u>	<u>33,652</u>
Non-operating income		
Interest income	1,438	1,764
Gain on sales of marketable securities	2,066	881
Other income	272	98
Total non-operating income	<u>3,777</u>	<u>2,744</u>
Non-operating expenses		
Interest expenses	6	17
Foreign exchange loss	289	3
Equity in loss of affiliated companies	1	59
Loss on disposal of fixed assets	-	260
Other expenses	475	63
Total non-operating expenses	<u>772</u>	<u>403</u>
Ordinary income	<u>32,456</u>	<u>35,992</u>
Extraordinary gain		
Gain on reversal of stock options	106	25
Gain on sale of affiliated company securities	403	-
Gain on change in equity	-	6
Total extraordinary gain	<u>510</u>	<u>32</u>
Extraordinary loss		
Loss on liquidation of subsidiary	728	-
Office moving expense	232	-
Total extraordinary loss	<u>960</u>	<u>-</u>
Net income before taxes	<u>32,006</u>	<u>36,024</u>
Income taxes current	12,994	13,136
Income taxes deferred	(584)	584
Total income taxes	<u>12,410</u>	<u>13,721</u>
Net Income before minority interest	<u>19,595</u>	<u>22,303</u>
Minority interest in income (loss) of consolidated subsidiaries	0	(0)
Net income	<u>19,595</u>	<u>22,303</u>

Consolidated Statements of Comprehensive Income

(Million yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Income before minority interests	19,595	22,303
Other comprehensive income		
Valuation difference on available-for-sale securities	1,191	477
Foreign currency translation adjustment	7,857	5,533
Share of other comprehensive income of associates accounted for using equity method	3	101
Total other comprehensive income	*1 9,053	6,112
Comprehensive income	28,648	28,415
Comprehensive income attributable to owners of the parent	28,646	28,414
Comprehensive income attributable to minority interests	2	1

(3) 【Consolidated Statements of Changes in Net Assets】

(Million yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Shareholders' equity		
Common stock		
Balance at the end of previous period	18,386	18,386
Movement for the period		
Total movement	-	-
Balance at the end of current period	18,386	18,386
Capital surplus		
Balance at the end of previous period	21,111	21,796
Movement for the period		
Sales of treasury stock	684	196
Total movement	684	196
Balance at the end of current period	21,796	21,993
Retained earnings		
Balance at the end of previous period	102,451	113,509
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	19,595	22,303
Increase due to deconsolidation	277	-
Total movement	11,058	5,445
Balance at the end of current period	113,509	118,955
Treasury stock, at cost		
Balance at the end of previous period	(26,440)	(16,303)
Movement for the period		
Sales of treasury stock	11,986	2,661
Purchase of treasury stock	(1,848)	(3,344)
Total movement	10,137	(682)
Balance at the end of current period	(16,303)	(16,986)
Total shareholders' equity		
Balance at the end of previous period	115,509	137,389
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	19,595	22,303
Increase due to deconsolidation	277	-
Sales of treasury stock	12,670	2,858
Purchase of treasury stock	(1,848)	(3,344)
Total movement	21,880	4,959
Balance at the end of current period	137,389	142,349

(Millions of yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Accumulated other comprehensive income		
Net Unrealized gain(loss) on debt and equity securities		
Balance at the end of previous period	572	1,768
Movement for the period		
Movement for the period excluding shareholders' equity	1,195	474
Total movement	1,195	474
Balance at the end of current period	1,768	2,242
Foreign currency translation adjustments		
Balance at the end of previous period	(6,810)	1,045
Movement for the period		
Movement for the period excluding shareholders' equity	7,855	5,636
Total movement	7,855	5,636
Balance at the end of current period	1,045	6,681
Remeasurements of defined benefit plans		
Balance at the end of previous period	-	-
Movement for the period		
Movement for the period excluding shareholders' equity	-	(749)
Total movement	-	(749)
Balance at the end of current period	-	(749)
Total accumulated other comprehensive income		
Balance at the end of previous period	(6,238)	2,813
Movement for the period		
Movement for the period excluding shareholders' equity	9,051	5,361
Total movement	9,051	5,361
Balance at the end of current period	2,813	8,174
Stock acquisition rights		
Balance at the end of previous period	4,213	2,326
Movement for the period		
Movement for the period excluding shareholders' equity	(1,886)	233
Total movement	(1,886)	233
Balance at the end of current period	2,326	2,559
Minority interest		
Balance at the end of previous period	7	9
Movement for the period		
Movement for the period excluding shareholders' equity	2	1
Total movement	2	1
Balance at the end of current period	9	11
Total net assets		
Balance at the end of previous period	113,492	142,539
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	19,595	22,303
Increase due to deconsolidation	277	-
Sales of treasury stock	12,670	2,858
Purchase of treasury stock	(1,848)	(3,344)
Movement for the period excluding shareholders' equity	7,166	5,595
Total movement	29,047	10,555
Balance at the end of current period	142,539	153,094

(4) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	For the year ended December 31, 2013	For the year ended December 31, 2014
Cash flows from operating activities:		
Net income before taxes	32,006	36,024
Depreciation and amortization	6,899	7,166
Stock compensations	838	889
Gain on reversal of stock options	(106)	(25)
Amortization of goodwill	343	449
Increase (decrease) in allowance for bad debts	34	24
Increase (decrease) in allowance for sales returns	12	(20)
Increase in allowance for retirement benefits	383	-
Increase (decrease) in net defined benefit liability	-	1,217
Interest income	(1,438)	(1,764)
Interest expenses	6	17
Equity in (gain)/loss of affiliated companies	1	59
(Gain) loss on sale of marketable securities	(2,066)	(881)
Loss on disposal of fixed assets	-	260
(Gain) and Loss on change in equity	-	(6)
(Gain) loss on sale of affiliated company securities	(403)	-
Loss on liquidation of subsidiary	728	-
(Increase) decrease in notes and accounts receivable	(1,226)	(1,031)
(Increase) decrease in inventories	27	(83)
Increase (decrease) in notes and accounts payable	(376)	127
Increase (decrease) in accounts payable, other & accrued expenses	(706)	422
Increase (decrease) in deferred revenue	2,382	2,828
Virtual share bonus plan	2,190	(279)
Others	1,478	(880)
Subtotal	41,008	44,516
Proceeds from interest and dividend received	1,546	1,456
Payment for interest expenses	(6)	(17)
Payment for income tax	(11,980)	(14,013)
Net cash provided by operating activities	30,567	31,942
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	(147)	1,488
Payments for purchases of marketable securities and securities investments	(106,114)	(152,847)
Proceeds from sale or redemptions of marketable securities and securities investments	96,917	127,239
Payments for purchases of property and equipment	(1,836)	(2,038)
Payments for purchases of other intangibles	(4,554)	(5,732)
Payments for purchase of affiliated company securities	-	(1,031)
Proceeds from sale of affiliated company securities	559	-
Payment for merger and acquisition	(973)	-
Net cash used in/provided by investing activities	(16,150)	(32,922)
Cash flows from financing activities:		
Payment for purchase of treasury stock	(1,848)	(3,344)
Proceeds from sale of treasury stock	10,051	2,227
Dividends paid	(8,413)	(15,770)
Net cash used in financing activities	(210)	(16,887)
Effect of exchange rate changes on cash and cash equivalents	9,126	2,581
Net increase (decrease) in cash and cash equivalents	23,333	(15,286)
Cash and cash equivalents at beginning of period	50,446	73,949
Increased cash and cash equivalents due to merger and acquisition	169	-
Cash and cash equivalents at end of period	73,949	58,662

(5) 【Footnote on going concern】

N/A

(6) 【Significant Accounting Policies and Practices for Preparing Consolidated Financial Statements】

	For the previous fiscal year (From January 1, 2013 To December 31, 2013)	For the current fiscal year (From January 1, 2014 To December 31, 2014)
1 Basis of consolidation	<p>(1) Consolidated subsidiaries All of our 33 subsidiaries are consolidated. Names of major subsidiaries: Trend Micro Inc. Trend Micro Incorporated Trend Micro Australia Pty. Ltd. Trend Micro (EMEA) Limited</p> <p>(2) Unconsolidated subsidiaries Broadweb Corporation (Brunei) Itech Technology Limited (Brunei) Broadweb Corporation (Republic of Seychelles) Broadweb Corporation (China) Itech Technology Limited (China)</p>	<p>(1) Consolidated subsidiaries All of our 34 subsidiaries are consolidated. Names of major subsidiaries: Trend Micro Inc. Trend Micro Incorporated Trend Micro Australia Pty. Ltd. Trend Micro (EMEA) Limited</p> <p>(2) Unconsolidated subsidiaries Broadweb Corporation (Brunei) Itech Technology Limited (Brunei) Broadweb Corporation (Republic of Seychelles) Broadweb Corporation (China) Itech Technology Limited (China)</p>
2 Affiliated companies	<p>Equity method accounting is applied to investments in the following affiliated companies. *Soft Trend Capital Corporation (Japan)</p>	<p>Equity method accounting is applied to investments in the following affiliated companies. *Soft Trend Capital Corporation (Japan) *General Mobile Corporation (British Cayman islands)</p>
3 Fiscal year of consolidated subsidiaries	All financial statements included in a set of consolidated financial statements are prepared as of the same date.	Same as left
4 Accounting Policies (1) Accounting for evaluation of assets	<p>A. Marketable securities and investment securities</p> <p>Available-for-sale with market value: The securities are stated at the market value method based on the value at the end of the period (Unrealized gains and losses, net of taxes, reported in a separate component of equity. Cost of selling is determined by the moving average method.)</p> <p>Available-for-sale without market value: Cost basis by moving average method The securities for investment fund and such funds, which are</p>	<p>A. Marketable securities and investment securities</p> <p>Available-for-sale with market value: Same as left</p> <p>Available-for-sale without market value: Same as left</p>

<p>(2) Depreciation and amortization</p>	<p>recognized as marketable securities on Financial Instruments and Exchange Law 2-2, are recognized the net ownership amount with the latest available financial statements that is defined on the fund contracts.</p> <p>B. Inventories Lower of cost or market by moving average method The carrying value on the balance sheet of the inventory with lower profit margin is written down</p> <p>A. Property and equipment Mainly, depreciation is computed by declining-balance method in parent company and is computed by a straight-line method in consolidated subsidiaries. Useful lives of the main property and equipment are as follows : Office furniture and equipment : 2-20 years</p> <p>B. Intangibles a. Software for sale Straight -line method over the estimated useful lives (12 months) b. Software for internal use Straight-line method over the estimated useful lives (mainly 5 years) c. Other intangibles Straight-line method over the estimated useful lives</p>	<p>B. Inventories Same as left</p> <p>A. Property and equipment Mainly, depreciation is computed by declining-balance method in parent company and is computed by a straight-line method in consolidated subsidiaries. Useful lives of the main property and equipment are as follows : Office furniture and equipment : 2-20 years</p> <p>B. Intangibles a. Software for sale Same as left b. Software for internal use Same as left c. Other intangibles Same as left</p>
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<p>(3) Accounting policies for allowances</p>	<p>C. Leased assets Finance lease without transfer of ownership of the leased assets Straight-line method in which the useful life is assumed to be the lease period and the residual value is zero. Finance lease without transfer of ownership of the leased assets started before December 31, 2008 are accounted for in the same manner as applied for operating lease. A. Allowance for doubtful accounts In order to reserve future losses from default of notes and</p>	<p>C. Leased assets Same as left</p> <p>A. Allowance for doubtful accounts Same as left</p>
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	<p>account receivable, allowance for bad debt is provided. The amount is determined using the percentage based on actual doubtful account loss against total of debts. As for high-risk receivables, expected unrecoverable amount is considered individually.</p> <p>B. Allowance for bonuses Bonuses for employees are provided at an estimate of the amount.</p> <p>C. Allowance for sales returns In order to reserve future losses from sales return subsequent to the fiscal year end, allowance for sales return is provided based on the past experience in the sales return.</p>	<p>B. Allowance for bonuses Same as left</p> <p>C. Allowance for sales returns Same as left</p>
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<p>(4) Accounting methods for retirement benefit obligation</p>	<p>Allowance for retirement benefits In order to reserve future losses arising from retirement of employees, allowance for retirement benefits is provided based on retirement benefit liabilities projected and pension asset projected at the end of the period. Actuarial gains and losses are expensed in a certain period less than average future service years of employees of the year (1-23 years).</p>	<p>In calculating the retirement benefit obligation, the expected retirement benefits are attributed to the periods by straight-line basis. Actuarial gains and losses and past service costs are expensed in a certain period less than average future service years of employees of the year (1-23 years).</p>
<p>(5) Translation of foreign currencies</p>	<p>Foreign currency denominated receivables and payables are translated into Japanese yen at period-end rates of exchange and the resulting translation gains or losses are taken into current income. All asset and liability accounts of foreign subsidiaries are translated into Japanese yen at</p>	<p>Same as left</p>

	<p>period-end rates of exchange and all income and expense accounts are translated at average exchange rate. The resulting foreign currency translation adjustments are included in accumulated other comprehensive income (loss) and minority interest.</p>	
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<p>(5) Other important matters for preparing financial statements</p>	<p>A. Consumption tax Transactions subject to consumption tax is stated at the amount net of the related consumption tax.</p> <p>B. Revenue recognition method for Post Contract Customer Support Service Basically, the product license agreement contracted with the end-user states the article for PCS (customer support and upgrading of products and its pattern files). The company applies the following revenue recognition method for the portion of PCS. Portion of PCS revenue is recognized separately from total revenue and is deferred as deferred revenues under current and non-current liabilities based on the contracted period. Deferred revenue is finally recognized as revenue evenly over the contracted period.</p>	<p>A. Consumption tax Same as left</p> <p>B. Revenue recognition method for Post Contract Customer Support Service Same as left</p>
<p>6 Amortization of Goodwill</p>	<p>Goodwill is amortized evenly over the appropriate period in less than 20 years.</p>	<p>Same as left</p>
<p>7 Definition of cash and cash equivalent in the consolidated statements of cash flows</p>	<p>Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and representing a minor risk of fluctuations in value.</p>	<p>Same as left</p>

(7) **【Change of the Accounting Policy】**

(Changes in accounting standard for retirement benefits)

From this fiscal year, the Company has adopted "Accounting Standard for Retirement

Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25).

Under the revised accounting standard, actuarial gains and losses and past service costs were recognized within net assets in the consolidated balance sheets, after adjusting deferred tax effects, and the funding deficit or surplus were recognized as a liability or asset.

As a result of adoption of this revised accounting standard, the retirement benefit obligation of JPY 4,225 million and accumulated other comprehensive loss of JPY 749 million were recognized at the end of current fiscal year.

Net asset per share was decreased by JPY 5.57.

(Accounting Standards Not Yet Applied)

(Accounting standard for retirement benefits - ASBJ Statement No.26, May 17, 2012 and ASBJ Guidance No.25, May 17, 2012)

The method of calculating retirement benefit obligations and service costs is revised, with the method of determination of the discount rate revised to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and the method of attributing benefits to accounting periods changed from the straight-line method to the standard pension benefit formula basis.

The Company expects to apply these revised accounting standards and guidance from the beginning of the fiscal year ending December 31, 2015.

The effects of adoption of these revised accounting standards and guidance is now under assessment.

(Accounting standards for business combination)

On September 13, 2013, ASBJ issued "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7), "Revised Accounting Standard for Earnings Per Share" (ASBJ Statement No.2), "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10), and "Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4).

Under these revised accounting standards, the accounting treatment for changes in a parent's ownership interest in a subsidiary when that the parent retains control over the subsidiary in the additional acquisition of shares in a subsidiary and acquisition related costs were revised. In addition, the presentation method of net income was amended as well as the amendment of "minority interests" to "non-controlling interests," and transitional provisions for accounting treatments were defined.

The Company expects to apply these revised accounting standards and guidance from the beginning of the fiscal year ending December 31, 2016. However, the transitional provisions for accounting treatments will be applied from business combinations performed on or after the beginning of the fiscal year ending December 31, 2016.

The effect of adoption of these revised accounting standards is now under assessment.

(Consolidated Statements of Comprehensive Income)

※1 Reclassification and deferred tax amount of total other comprehensive income

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

Valuation difference on available-for sales (Millions of Yen)	
securities	
Amount incurred in current year	3,818
Reclassification	(1,902)
Before deferred tax	<u>1,916</u>
Deferred tax	(724)
Valuation difference on securities	<u>1,191</u>
Foreign currency translation adjustment	
Amount incurred in current year	7,908
Reclassification	(50)
Before deferred tax	<u>7,857</u>
Deferred tax	-
Foreign currency translation adjustment	<u>7,857</u>
Share of other comprehensive income of	
associates accounted for using equity method	
Amount incurred in current year	3
Total other comprehensive income	<u>9,053</u>

For the current fiscal year (from January 1, 2014 to December 31, 2014)

Valuation difference on available-for sales (Millions of Yen)	
securities	
Amount incurred in current year	1,479
Reclassification	(869)
Before deferred tax	<u>609</u>
Deferred tax	(132)
Valuation difference on securities	<u>477</u>
Foreign currency translation adjustment	
Amount incurred in current year	5,533
Reclassification	-
Before deferred tax	<u>5,533</u>
Deferred tax	-
Foreign currency translation adjustment	<u>5,533</u>
Share of other comprehensive income of	
associates accounted for using equity method	
Amount incurred in current year	101
Total other comprehensive income	<u>6,112</u>

(Consolidated Stockholders' Equity Statements)

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

1. Number of common stock issued

Class of stock	As of Jan 1, 2013	Increase	Decrease	As of Dec 31, 2013
Common stock	140,293,004	—	—	140,293,004

2. Number of Treasury stocks

Class of treasury stock	As of Jan 1, 2013	Increase	Decrease	As of Dec 31, 2013
Common stock	8,732,135	688,189	3,989,600	5,430,724

The increase by 688,100 shares is due to the market purchasing of treasury stock and 89 is due to the purchase of the stock less than 1 unit.

The decrease by 3,989,600 shares is due to the disposition of treasury stock upon the exercise of stock acquisition right.

3. Stock acquisition rights

Detail	Class of shares subject to stock acquisition right	Number of shares subject to the exercise of stock acquisition rights				Amount outstanding (Millions of yen)
		As of Jan 1, 2013	Increase	Decrease	As of Dec 31, 2013	
Stock Option	—	—	—	—	—	2,326

4. Dividend of surplus

(1) Dividends payment

Resolution	Class of stock	Total dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Shareholders' meeting on Mar 26, 2013	Common stock	8,814	67.00	Dec 31, 2012	Mar 27, 2013

(2) Dividends that will be effective in the next fiscal year but the record date is in the current fiscal year

Resolution	Class of stock	Dividends resource	Total dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Shareholders' meeting on Mar 26, 2014	Common stock	Retained earnings	16,857	125.00	Dec 31, 2013	Mar 27, 2014

For the current fiscal year (from January 1, 2014 to December 31, 2014)

1. Number of common stock issued

Class of stock	As of Jan 1, 2014	Increase	Decrease	As of Dec 31, 2014
Common stock	140,293,004	—	—	140,293,004

2. Number of Treasury stocks

Class of treasury stock	As of Jan 1, 2014	Increase	Decrease	As of Dec 31, 2014
Common stock	5,430,724	1,000,000	873,600	5,557,124

The increase by 1,000,000 shares is due to the market purchasing of treasury stock.

The decrease by 873,600 shares is due to the disposition of treasury stock upon the exercise of stock acquisition right.

3. Stock acquisition rights

Detail	Class of shares subject to stock acquisition right	Number of shares subject to the exercise of stock acquisition rights				Amount outstanding (Millions of yen)
		As of Jan 1, 2014	Increase	Decrease	As of Dec 31, 2014	
Stock Option	—	—	—	—	—	2,559

4. Dividend of surplus

(1) Dividends payment

Resolution	Class of stock	Total dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Shareholders' meeting on Mar 26, 2014	Common stock	16,857	125.00	Dec 31, 2013	Mar 27, 2014

(2) Dividends that will be effective in the next fiscal year but the record date is in the current fiscal year

Resolution	Class of stock	Dividends resource	Total dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Shareholders' meeting on Mar 26, 2015	Common stock	Retained earnings	15,629	116.00	Dec 31, 2014	Mar 27, 2015

(Consolidated Statements of Cash Flows)

(Millions of yen)

For the previous fiscal year (From January 1, 2013 To December 31, 2013)	For the current fiscal year (From January 1, 2014 To December 31, 2014)
*1 Reference of cash and cash equivalents on balance sheet is as follows.	*1 Reference of cash and cash equivalents on balance sheet is as follows.
Cash and bank deposits 79,632	Cash and bank deposits 63,109
Time deposits with original maturities of longer than three month (5,683)	Time deposits with original maturities of longer than three month (4,446)
Short term investments which is in	Short term investments which is in
Cash and cash equivalent 73,949	Cash and cash equivalent 58,662

(Marketable securities and security investments)

As of December 31, 2013

1 Available-for-sale investments with fair market value

(Millions of yen)

	Securities	Purchase Cost	Fair value on consolidated balance sheet	Difference
Marketable securities with fair value over purchase cost	Bonds			
	(1) Government bonds	11,509	11,555	46
	(2) Corporate bonds	28,676	30,980	2,304
	(3) Others	15,161	15,567	405
	Others	2,003	2,206	203
	Total	57,350	60,310	2,959
Marketable securities with purchase cost over fair value	Bonds			
	(1) Government bonds	5,349	5,343	(6)
	(2) Corporate bonds	5,052	5,029	(22)
	(3) Others	20,004	19,908	(95)
	Others	21,461	21,461	-
	Total	51,868	51,743	(124)
Grand Total		109,219	112,053	2,834

2 Sales of available-for-sales investments (From January 1, 2013 to December 31, 2013)

(Millions of yen)

Classification	Sales amount	Gain on sales of investments in securities	Loss on sales of investments in securities
Shares	-	-	-
Bonds	43,713	1,534	-
Others	53,845	532	-
Total	97,559	2,066	-

As of December 31, 2014

1 Available-for-sale investments with fair market value

(Millions of yen)

	Securities	Purchase Cost	Fair value on consolidated balance sheet	Difference
Marketable securities with fair value over purchase cost	Bonds			
	(1)Government bonds	15,519	15,722	203
	(2)Corporate bonds	46,422	49,559	3,136
	(3)Others	14,000	14,094	94
	Others	939	1,115	175
	Total	76,882	80,491	3,609
Marketable securities with purchase cost over fair value	Bonds			
	(1)Government bonds	-	-	-
	(2)Corporate bonds	23,091	22,976	(115)
	(3)Others	13,000	12,958	(41)
	Others	25,716	25,716	-
	Total	61,808	61,651	(156)
Grand Total		138,690	142,143	3,453

2 Sales of available-for-sales investments (From January 1, 2014 to December 31, 2014)

(Millions of yen)

Classification	Sales amount	Gain on sales of investments in securities	Loss on sales of investments in securities
Shares	-	-	-
Bonds	37,302	764	-
Others	89,937	116	-
Total	127,239	881	-

(Employee retirement benefit plans)

(Millions of yen)

At the end of previous fiscal year (As of Dec 31, 2013)	At the end of current fiscal year (As of Dec 31, 2014)																																																																																																
<p>1. Pension and severance plans</p> <p>The parent company has an unfunded retirement plan ("Plan") as a defined benefit plan and has been a member of Kanto IT Software welfare pension fund. Kanto IT Software pension fund is categorized as multi-employer pension fund.</p> <p>The consolidated subsidiaries adopt defined benefit plan or defined contribution plan and certain subsidiary has a 401(k) retirement plan.</p> <p>The overview of multi-employer pension fund is as follows.</p> <p>(1) Funded status of Kanto IT Software pension plan (as of Mar 31, 2013)</p> <table style="width: 100%;"> <tr> <td>Pension asset</td> <td style="text-align: right;">222,956</td> </tr> <tr> <td><u>Benefit obligation</u></td> <td style="text-align: right;"><u>206,135</u></td> </tr> <tr> <td>Variance</td> <td style="text-align: right;">16,821</td> </tr> </table> <p>(2) The ratio of the Company's contribution for Kanto IT Software pension fund (as of Mar 31, 2013)</p> <p style="text-align: right;">1.05%</p> <p>(3) Supplemental information</p> <p>The reasons for the variance of (1) are as follows.</p> <table style="width: 100%;"> <tr> <td>Shortage of carried forward</td> <td style="text-align: right;">(10,082)</td> </tr> <tr> <td><u>Surplus</u></td> <td style="text-align: right;"><u>26,903</u></td> </tr> <tr> <td>Variance</td> <td style="text-align: right;">16,821</td> </tr> </table> <p>The unfunded prior service cost is amortized evenly over 20 years.</p> <p>2. Allowance for retirement benefits</p> <table style="width: 100%;"> <tr> <td>1. Benefit obligation</td> <td style="text-align: right;">(3,749)</td> </tr> <tr> <td><u>2. Plan assets</u></td> <td style="text-align: right;"><u>243</u></td> </tr> <tr> <td>3. Unfunded status (1 + 2)</td> <td style="text-align: right;">(3,506)</td> </tr> <tr> <td><u>4. Unrecognized net actuarial loss</u></td> <td style="text-align: right;"><u>610</u></td> </tr> <tr> <td>5. Allowance for retirement benefits (3 + 4)</td> <td style="text-align: right;">(2,896)</td> </tr> </table> <p>(Note) In calculation of allowance for retirement benefits, certain subsidiaries adopt compendium method.</p> <p>3. Pension expense</p> <table style="width: 100%;"> <tr> <td>1. Service cost</td> <td style="text-align: right;">338</td> </tr> <tr> <td>2. Interest cost</td> <td style="text-align: right;">50</td> </tr> <tr> <td>3. Expected return of plan assets</td> <td style="text-align: right;">(3)</td> </tr> <tr> <td><u>4. Recognition of actuarial gain / loss</u></td> <td style="text-align: right;"><u>101</u></td> </tr> <tr> <td><u>Sub-total (1+2+3+4)</u></td> <td style="text-align: right;"><u>487</u></td> </tr> <tr> <td>5. Contribution to Kanto IT Software pension plan</td> <td style="text-align: right;">215</td> </tr> <tr> <td>6. Pension expense for <u>Defined contribution plan</u></td> <td style="text-align: right;"><u>1,295</u></td> </tr> <tr> <td>Net periodic pension cost (1+2+3+4+5+6)</td> <td style="text-align: right;">1,998</td> </tr> </table> <p>(Note) Pension expenses of the consolidated subsidiaries adopting compendium method are booked as service cost.</p> <p>4. Assumption used for calculating the pension benefit obligation</p> <p>1. Projected cost allocation method</p> <p style="text-align: right;">Straight line basis</p>	Pension asset	222,956	<u>Benefit obligation</u>	<u>206,135</u>	Variance	16,821	Shortage of carried forward	(10,082)	<u>Surplus</u>	<u>26,903</u>	Variance	16,821	1. Benefit obligation	(3,749)	<u>2. Plan assets</u>	<u>243</u>	3. Unfunded status (1 + 2)	(3,506)	<u>4. Unrecognized net actuarial loss</u>	<u>610</u>	5. Allowance for retirement benefits (3 + 4)	(2,896)	1. Service cost	338	2. Interest cost	50	3. Expected return of plan assets	(3)	<u>4. Recognition of actuarial gain / loss</u>	<u>101</u>	<u>Sub-total (1+2+3+4)</u>	<u>487</u>	5. Contribution to Kanto IT Software pension plan	215	6. Pension expense for <u>Defined contribution plan</u>	<u>1,295</u>	Net periodic pension cost (1+2+3+4+5+6)	1,998	<p>1. Pension and severance plans</p> <p>The parent company has an unfunded retirement plan ("Plan") as a defined benefit plan and has been a member of Kanto IT Software welfare pension fund. Kanto IT Software pension fund is categorized as multi-employer pension fund.</p> <p>The consolidated subsidiaries adopt funded defined benefit plan or defined contribution plan and certain subsidiary has a 401(k) retirement plan. The retirement benefit assets and the retirement benefit liabilities of certain subsidiaries are calculated by compendium method.</p> <p>2. Defined benefit plan</p> <p>(1) Reconciliations of beginning and ending balance of the defined benefit obligations are as follows (excluding the plan adopting the compendium method):</p> <table style="width: 100%;"> <tr> <td>Beginning balance</td> <td style="text-align: right;">3,719</td> </tr> <tr> <td>Current service cost</td> <td style="text-align: right;">352</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">61</td> </tr> <tr> <td>Actuarial gains and losses</td> <td style="text-align: right;">251</td> </tr> <tr> <td>Benefits paid</td> <td style="text-align: right;">(54)</td> </tr> <tr> <td><u>Others</u></td> <td style="text-align: right;"><u>161</u></td> </tr> <tr> <td>Ending balance</td> <td style="text-align: right;">4,493</td> </tr> </table> <p>(2) Reconciliations of beginning and ending balance of the plan assets are as follows (excluding the plan adopting the compendium method):</p> <table style="width: 100%;"> <tr> <td>Beginning balance</td> <td style="text-align: right;">243</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Actuarial gains and losses</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Contributions from the employer</td> <td style="text-align: right;">43</td> </tr> <tr> <td>Benefits paid</td> <td style="text-align: right;">(4)</td> </tr> <tr> <td><u>Others</u></td> <td style="text-align: right;"><u>24</u></td> </tr> <tr> <td>Ending balance</td> <td style="text-align: right;">311</td> </tr> </table> <p>(3) Reconciliations of beginning and ending balance of the retirement benefit liabilities adopting the compendium method are as follows:</p> <table style="width: 100%;"> <tr> <td>Beginning balance</td> <td style="text-align: right;">30</td> </tr> <tr> <td>Pension expense</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Benefits paid</td> <td style="text-align: right;">(3)</td> </tr> <tr> <td><u>Others</u></td> <td style="text-align: right;"><u>3</u></td> </tr> <tr> <td>Ending balance</td> <td style="text-align: right;">43</td> </tr> </table> <p>(4) Ending balance of the defined benefit obligations / assets and the retirement benefits liabilities recognized in the consolidated balance sheets (including the plan adopting the compendium method)</p> <table style="width: 100%;"> <tr> <td>Funded defined benefit obligations</td> <td style="text-align: right;">1,846</td> </tr> <tr> <td><u>Plan assets</u></td> <td style="text-align: right;"><u>(311)</u></td> </tr> <tr> <td>Unfunded defined benefit obligations</td> <td style="text-align: right;">1,535</td> </tr> <tr> <td><u>Balance in the consolidated FS</u></td> <td style="text-align: right;"><u>4,225</u></td> </tr> <tr> <td><u>Retirement benefit liabilities</u></td> <td style="text-align: right;"><u>4,225</u></td> </tr> <tr> <td><u>Balance in the consolidated FS</u></td> <td style="text-align: right;"><u>4,225</u></td> </tr> </table> <p>(5) Pension expense</p> <table style="width: 100%;"> <tr> <td>Service cost</td> <td style="text-align: right;">352</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">61</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(4)</td> </tr> <tr> <td>Recognition of actuarial gain / loss</td> <td style="text-align: right;">110</td> </tr> </table>	Beginning balance	3,719	Current service cost	352	Interest cost	61	Actuarial gains and losses	251	Benefits paid	(54)	<u>Others</u>	<u>161</u>	Ending balance	4,493	Beginning balance	243	Expected return on plan assets	4	Actuarial gains and losses	0	Contributions from the employer	43	Benefits paid	(4)	<u>Others</u>	<u>24</u>	Ending balance	311	Beginning balance	30	Pension expense	12	Benefits paid	(3)	<u>Others</u>	<u>3</u>	Ending balance	43	Funded defined benefit obligations	1,846	<u>Plan assets</u>	<u>(311)</u>	Unfunded defined benefit obligations	1,535	<u>Balance in the consolidated FS</u>	<u>4,225</u>	<u>Retirement benefit liabilities</u>	<u>4,225</u>	<u>Balance in the consolidated FS</u>	<u>4,225</u>	Service cost	352	Interest cost	61	Expected return on plan assets	(4)	Recognition of actuarial gain / loss	110
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2. Discount rate 1.00-6.00%
 3. Rate of return on asset 2.00-4.00%
 4. Amortization of actuarial gain and loss 1-23 years

Pension expense for compedium method	12
<u>Others</u>	<u>2</u>
Pension expense for defined benefit plan	534

(6) Amounts recognized in accumulated other comprehensive income /loss before the effect of deferred income tax accounting

<u>Unrecognized actuarial gain / loss</u>	<u>905</u>
<u>Total</u>	<u>905</u>

(7) Plan assets

① Major categories of plan assets and its ratio

Bonds	1.84%
<u>Cash and cash equivalents</u>	<u>98.16%</u>
Total	100%

② The expected long-term rate of return on plan assets is determined considering the following factors:

- (1) Current and projected portfolio mix
- (2) Current and projected long-term return of the various asset categories in which the plan invests.

(8) Assumption used for actuarial calculation

Discount rate	1.0-4.8%
Rate of return on asset	2.0-6.0%

3. Defined contribution plan

The total expense recognized was 1,426 million yen.

4. Multi-employer pension fund

The total expense for multi-employer pension fund was 271 million yen.

(1) Funded status of Kanto IT Software pension plan (as of Mar 31, 2014)

Pension asset	252,293
<u>Benefit obligation</u>	<u>227,330</u>
Variance	24,963

(2) The ratio of the Company's contribution for Kanto IT Software pension fund (as of Dec 31, 2014)

0.83%

(3) Supplemental information

The reasons for the variance of (1) are as follows.

Other reserve	19,332
<u>Surplus</u>	<u>5,630</u>
Variance	24,963

The ratio of (2) above does not agree to the actual contribution ratio.

(Segment Information)

1 Outline of reporting segment

The segment of Trend Micro group shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its decision-making-body for the purpose of deciding the allocation of its managerial resources and evaluating its business performances.

The company is mainly engaged in developing and selling anti-virus software product and providing anti-virus related services. The company is taking care of Japan area and its affiliates in North America, Europe, Asia Pacific or Latin America are in charge of their own area respectively. Therefore, our segments are made of 5 segments which are Japan, North America, Europe, Asia Pacific and Latin America based on the business of developing, selling anti-virus products and related services.

2 Method of calculating amounts of net sales, income/loss, assets, liabilities and other items by segments

Accounting procedures reported by segment are almost the same as those which are described in **【Significant Accounting Policies and Practices for Preparing Consolidated Financial Statements】**

3 Information of the amount of sales, profit/loss, assets, liabilities and other items by reporting segments

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

(Millions of Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Consolidation Adjustment	Consolidation
Sales								
(1) Net sales to external customers	48,551	23,615	20,571	12,925	2,650	108,314	-	108,314
(2) Intercompany sales	4,049	2,324	1,016	15,107	13	22,512	(22,512)	-
Total sales	52,600	25,940	21,588	28,033	2,664	130,826	(22,512)	108,314
Operating income by segment	20,692	4,730	2,756	925	600	29,705	(255)	29,450
Asset by segment	165,112	43,344	32,186	29,824	7,979	278,447	(16,954)	261,493
Other items								
Depreciation and amortization	2,854	2,160	781	1,210	12	7,018	(119)	6,899
Increase in tangible and intangible fixed assets	2,990	2,852	983	1,314	7	8,148	-	8,148

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

3 Consolidation Adjustment at Operating income (255) million yen comes from the elimination between segments transactions.

Majority of Consolidation Adjustment at Asset (16,954) million yen comes from the elimination between segments transactions.

4 Consolidation adjustment at Depreciation and amortization (119) million yen comes from the elimination between segments transactions.

For the current fiscal year (from January 1, 2014 to December 31, 2014)

(Millions of Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Consolidation Adjustment	Consolidation
Sales								
(1) Net sales to external customers	50,736	24,948	22,778	13,760	2,982	115,205	-	115,205
(2) Intercompany sales	2,046	2,614	1,021	18,237	16	23,937	(23,937)	-
Total sales	52,783	27,563	23,799	31,997	2,998	139,143	(23,937)	115,205
Operating income by segment	19,366	6,215	4,101	3,205	738	33,626	25	33,652
Asset by segment	161,848	53,520	36,642	36,692	7,936	296,640	(16,701)	279,938
Other items								
Depreciation and amortization	2,854	2,248	983	1,254	16	7,357	(190)	7,166
Increase in tangible and intangible fixed assets	3,199	2,584	1,131	1,064	24	8,005	-	8,005

(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, Philippines, Singapore, Malaysia, Thailand, India

Latin America Brazil, Mexico

3 Consolidation Adjustment at Operating income 25 million yen comes from the elimination between segments transactions.

Majority of Consolidation Adjustment at Asset (16,701) million yen comes from the elimination between segments transactions.

4 Consolidation adjustment at Depreciation and amortization (190) million yen comes from the elimination between segments transactions.

(Relative information)

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

1. Information by production and service

The amount of sales in the single category of production and service to external customers exceeds 90% of sales which was recognized in consolidated statement of income, thus, reporting is omitted.

2. Information by geographical area

(1) Sales

(Millions of yen)

Japan	North America	Europe	Asia Pacific	Latin America	Total
48,576	23,755	20,432	12,908	2,641	108,314

(Note) Sales is categorized by area or country based on the location of customers.

Sales in U.S.A is 23,616 million yen of the North America.

(2) Tangible fixed asset

(Millions of yen)

Japan	North America	Europe	Asia Pacific	Latin America	Total
659	1,651	563	1,673	36	4,583

(Note) Tangible fixed asset in U.S.A is 1,606 million yen of the North America and that of China is 580 million yen and that of Taiwan is 979 million yen of the Asia Pacific.

3. Information by major customers

(Millions of yen)

Customer name	Sales	Segment
SoftBank Telecom Corp.	18,101	Japan
SoftBank BB Corp.	11,770	Japan
Digital River, Inc.	10,172	Japan, North America, Europe, Asia Pacific

For the current fiscal year (from January 1, 2014 to December 31, 2014)

1. Information by production and service

The amount of sales in the single category of production and service to external customers exceeds 90% of sales which was recognized in consolidated statement of income, thus, reporting is omitted.

2. Information by geographical area

(1) Sales

(Millions of yen)

Japan	North America	Europe	Asia Pacific	Latin America	Total
50,564	25,140	22,741	13,775	2,983	115,205

(Note) Sales is categorized by area or country based on the location of customers.

Sales in U.S.A is 25,012 million yen of the North America.

(2) Tangible fixed asset

(Millions of yen)

Japan	North America	Europe	Asia Pacific	Latin America	Total
581	2,215	591	1,518	41	4,949

(Note) Tangible fixed asset in U.S.A is 2,039 million yen of the North America and that of China is 590 million yen and that of Taiwan is 801 million yen of the Asia Pacific.

3. Information by major customers

(Millions of yen)

Customer name	Sales	Segment
SoftBank Telecom Corp.	19,444	Japan
SoftBank BB Corp.	11,488	Japan
Ingram Micro Inc.	11,594	North America, Europe, Asia Pacific
Digital River, Inc.	10,681	Japan, North America, Europe, Asia Pacific

(Information of impairment loss on fixes asset by segment)

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

N/A

For the current fiscal year (from January 1, 2014 to December 31, 2014)

N/A

(Information of amortization expense of goodwill and unamortized balance of goodwill by segment)

For the previous fiscal year (from January 1, 2013 to December 31, 2013)

(Millions of yen)

	Segment						Corporate adjustment or Elimination	Total
	Japan	North America	Europe	Asia Pacific	Latin America	total		
Amortization Expense of GW	31	301	6	3	-	343	-	343
Unamortized balance of GW	252	758	56	51	-	1,119	-	1,119

For the current fiscal year (from January 1, 2014 to December 31, 2014)

(Millions of yen)

	Segment						Corporate adjustment or Elimination	Total
	Japan	North America	Europe	Asia Pacific	Latin America	total		
Amortization Expense of GW	73	347	16	12	-	449	-	449
Unamortized balance of GW	178	476	41	44	-	740	-	740

(Information of negative goodwill by segment)

N/A

(Information of EPS)

(Yen)

	For the previous fiscal year (From January 1, 2013 To December 31, 2013)	For the current fiscal year (From January 1, 2014 To December 31, 2014)
Book value per share	1,039.60	1,117.17
Net income per share	147.53	165.68
Diluted net income per share	146.27	164.49

(Note)

1. Diluted net income per share for the previous fiscal year is not stated as our issuable shares does not have dilutive effect.

2. Basis of calculation for net income per share and diluted net income per share are as follows.

	For the current fiscal year (From January 1, 2013 To December 31, 2013)	For the current fiscal year (From January 1, 2014 To December 31, 2014)
<Basic EPS>		
Net income (Millions of Yen)	19,595	22,303
-not to attributable to common stock holders	-	-
-to common stock holders	19,595	22,303
Weighted-average number of common shares (Shares)	132,825,804	134,615,969
<Diluted EPS>		
Adjustments to net income (Millions of Yen)	-	-
Increased numbers of common shares (Shares)	1,143,309	974,840
(Stock acquisition rights (Shares))	(1,143,309)	(974,840)
Details of shares not included in the computation of diluted EPS since it did not have dilutive effect	370,000 for Stock option round29 370,000 for Stock option round30	315,000 for Stock option round29 340,000 for Stock option round30 2,130,000 for Stock option round31 344,000 for Stock option round32

3. Basis of calculation for book value per share is as follows.

(Millions of yen)

	For the previous fiscal year (From January 1, 2013 To December 31, 2013)	For the current fiscal year (From January 1, 2014 To December 31, 2014)
Total net assets	142,539	153,094
Amount deducted from total net assets	2,336	2,571
(Stock acquisition rights)	(2,326)	(2,559)
(Minority interest)	(9)	(11)
Total net assets attributable to common stock	140,202	150,523
Number of common shares (Shares)	134,862,280	134,735,880

(Significant Subsequent Events)

N/A

The Company omits the notes for "Lease transaction", "Related party transaction", "Deferred tax accounting", "Financial instrument", "Derivative", "Stock Option", "Business combination" and "Investment and Rental Property", because for the current fiscal year, the Company considers there is not a strong need to release them.

5. 【Non-consolidated financial statements】

(1) 【Non-consolidated Balance Sheets】

(Million yen)

Account	December 31, 2013	December 31, 2014
(Assets)		
Current assets		
Cash and bank deposits	10,730	11,241
Notes and Accounts receivable, trade	10,046	9,192
Marketable securities	59,554	73,100
Product	123	126
Raw material	12	31
Supplies	50	63
Prepaid expense	90	108
Deferred tax assets	13,271	12,143
Account receivable others	4,157	4,616
Others	410	458
Allowance for bad debt	(1)	—
Total current assets	98,443	111,084
Non-current assets		
Property and equipment		
(1) Office furniture & equipment	287	262
(2) Others	371	319
Total Property and equipment	659	581
Intangibles		
(1) Software	2,458	2,616
(2) Software in Progress	1,051	1,163
(3) Goodwill	252	178
(4) Others	439	354
Total intangibles	4,202	4,313
Investments and other non-current assets		
(1) Investment securities	51,095	34,724
(2) Investments in subsidiaries and affiliates	2,199	2,199
(3) Deposit for landlord	497	498
(4) Memberships	4	4
(5) Deferred tax assets	7,990	8,207
(6) Allowance for investment loss	(75)	(75)
Total investments and other non-current assets	61,712	45,558
Total non-current assets	66,574	50,453
Total assets	165,018	161,538

(Million yen)

Account	December 31, 2013	December 31, 2014
(Liabilities)		
Current liabilities		
Accounts payable, trade	157	199
Accounts payable, other	11,116	11,924
Accrued expenses	130	128
Accrued income and other taxes	4,751	3,509
Accrued consumption taxes	343	1,482
Deposit	97	130
Allowance for bonuses	61	—
Allowance for sales returns	449	363
Deferred revenue	32,187	33,481
Others	798	519
Total current liabilities	50,092	51,739
Non-current liabilities		
Deferred revenue	18,590	18,822
Long-term account payable	2	2
Allowance for retirement benefits	2,100	2,474
Others	100	65
Total non-current liabilities	20,794	21,364
Total liabilities	70,886	73,103
(Net assets)		
Shareholders' equity		
Common stock	18,386	18,386
Capital surplus		
Additional paid-in capital	21,108	21,108
Other capital surplus	687	884
Total	21,796	21,993
Retained earnings		
Legal reserve	20	20
Accumulated profit		
Retained earnings carried forward	66,139	60,278
Total	66,160	60,299
Treasury stock, at cost	(16,303)	(16,986)
Total Shareholders' equity	90,040	83,692
Valuation and translation adjustment		
Net unrealized gain (loss) on debt and equity securities	1,764	2,181
Total valuation and translation adjustment	1,764	2,181
Stock acquisition rights	2,326	2,559
Total net assets	94,131	88,434
Total liabilities and net assets	165,018	161,538

(2) 【Non-consolidated Statements of Income】

(Million yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Sales revenue		
Sales	48,551	50,713
Royalty	4,049	2,070
Net sales revenue	<u>52,600</u>	<u>52,783</u>
Cost of sales	<u>9,872</u>	<u>11,133</u>
Gross profit	<u>42,728</u>	<u>41,650</u>
Operating expenses	<u>22,122</u>	<u>22,616</u>
Operating income	<u>20,605</u>	<u>19,033</u>
Non-operating income		
Interest income	41	51
Interest on marketable securities	642	657
Dividend	0	0
Gain on sales of marketable securities	2,066	881
Other income	132	37
Total non-operating income	<u>2,883</u>	<u>1,628</u>
Non-operating expenses		
Foreign exchange loss	720	751
Loss on disposal of fixed assets	-	138
Other expenses	223	52
Total non-operating expenses	<u>943</u>	<u>942</u>
Ordinary income	<u>22,544</u>	<u>19,719</u>
Extraordinary gain		
Gain on reversal of stock options	92	20
Gain on sale of affiliated company securities	527	—
Total extraordinary gain	<u>619</u>	<u>20</u>
Net income before taxes	<u>23,163</u>	<u>19,740</u>
Income taxes current	9,484	7,964
Income taxes deferred	(581)	779
Total income taxes	<u>8,903</u>	<u>8,744</u>
Net income	<u>14,260</u>	<u>10,996</u>

(3) 【Non-consolidated Statements of Changes in Net Assets】

(Million yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Shareholders' equity		
Common stock		
Balance at the end of previous period	18,386	18,386
Movement for the period		
Total movement	—	—
Balance at the end of current period	18,386	18,386
Capital surplus		
Additional paid-in capital		
Balance at the end of previous period	21,108	21,108
Movement for the period		
Total movement	—	—
Balance at the end of current period	21,108	21,108
Other capital surplus		
Balance at the end of previous period	3	687
Movement for the period		
Sales of treasury stock	684	196
Total movement	684	196
Balance at the end of current period	687	884
Total capital surplus		
Balance at the end of previous period	21,111	21,796
Movement for the period		
Sales of treasury stock	684	196
Total movement	684	196
Balance at the end of current period	21,796	21,993
Retained earnings		
Legal reserve		
Balance at the end of previous period	20	20
Movement for the period	—	—
Total movement	—	—
Balance at the end of current period	20	20
Accumulated profit		
Retained earnings carried forward		
Balance at the end of previous period	60,694	66,139
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	14,260	10,996
Total movement	5,445	(5,861)
Balance at the end of current period	66,139	60,278
Total retained earnings		
Balance at the end of previous period	60,715	66,160
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	14,260	10,996
Total movement	5,445	(5,861)

Balance at the end of current period	66,160	60,299
Treasury stock		
Balance at the end of previous period	(26,440)	(16,303)
Movement for the period		
Sales of treasury stock	11,986	2,661
Purchase of treasury stock	(1,848)	(3,344)
Total movement	10,137	(682)
Balance at the end of current period	(16,303)	(16,986)
Total shareholders' equity		
Balance at the end of previous period	73,772	90,040
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	14,260	10,996
Sales of treasury stock	12,670	2,858
Purchase of treasury stock	(1,848)	(3,344)
Total movement	16,267	(6,347)
Balance at the end of current period	90,040	83,692

(Millions of yen)

	For the year ended December 2013	For the year ended December 2014
Revaluation Surplus		
Unrealized gain/(loss) on available-for-sales securities		
Balance at the end of previous period	573	1,764
Movement for the period		
Movement for the period excluding shareholders' equity	1,191	416
Total movement	1,191	416
Balance at the end of current period	1,764	2,181
Total Revaluation Surplus		
Balance at the end of previous period	573	1,764
Movement for the period		
Movement for the period excluding shareholders' equity	1,191	416
Total movement	1,191	416
Balance at the end of current period	1,764	2,181
Stock acquisition rights		
Balance at the end of previous period	4,213	2,326
Movement for the period		
Movement for the period excluding shareholders' equity	(1,886)	233
Total movement	(1,886)	233
Balance at the end of current period	2,326	2,559
Total net assets		
Balance at the end of previous period	78,559	94,131
Movement for the period		
Dividend of surplus	(8,814)	(16,857)
Net income	14,260	10,996
Sales of treasury stock	12,670	2,858
Purchase of treasury stock	(1,848)	(3,344)
Movement for the period excluding shareholders' equity	(695)	650
Total movement	15,571	(5,697)
Balance at the end of current period	94,131	88,434

(4) **【Footnote on going concern】**

N/A

6. Others

(1) Changes in Directors and Corporate Auditors

(a) Representative Director

N/A

(b) Directors (Scheduled appointment date March, 2015)

Candidate for New Director

Wael Mohamed

(Group COO(present))