

August 12, 2015

Report of Earning Results (Consolidated)  
for the Second Quarter of the Fiscal Year  
Ending December 31, 2015

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

Expected date of the submission of quarterly security reports ( "Shihanki Hokokusho" )  
: August 13, 2015

## 1. Financial Highlights for Six Months Ended June 30, 2015

### (1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months Ended June 30, 2015	60,668	9.7	15,494	(3.5)	16,571	(5.0)	10,444	(3.0)
Six Months Ended June 30, 2014	55,325	4.8	16,056	16.6	17,435	11.2	10,764	12.4

(Note) Comprehensive Income: 9,040 million yen 5.9% as of June 30, 2015  
(8,535 million yen minus 40.0% as of June 30, 2014)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six Months Ended June 30, 2015	77.17	76.54
Six Months Ended June 30, 2014	79.78	79.25

### (2) Consolidated Financial Position

	Total assets	Net Assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	279,015	150,857	53.4
December 31, 2014	279,938	153,094	53.8

(Note) Net Assets after deduction of Share acquisition rights and Minority interest  
:149,053 million yen as of June 30, 2015 (150,523 million yen as of December 31, 2014)

## 2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total
	Yen	Yen	Yen	Yen	Yen
December 31, 2014	-	0.00	-	116.00	116.00
December 31, 2015	-	0.00			
Projection for FY 2015			-	-	-

(Note) Revision of the projection of dividend for the Second quarter of FY 2015 : No

(Note) The dividend projection for FY2015 annual end has not been determined yet.

## 3. Forecasts of consolidated financial results for FY 2015

(January 1, 2015 through December 31, 2015)

(Note) For the forecast of FY 2015, please refer to next page.

## 4. Others

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

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

### (4) Number of shares issued (common shares)

#### ① Number of shares issued (including treasury stocks):

140,293,004 shares as of June 30, 2015

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

#### ② Number of treasury stocks :

4,006,924 shares as of June 30, 2015

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

#### ③ Average number of shares outstanding :

135,348,813 shares six months ended June 30, 2015

134,928,611 shares six months ended June 30, 2014

### \* Statement relating to the status of the quarterly review procedures

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

### \* Explanation for the proper use of projection and other notes

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

Forecasts of consolidated financial results for FY 2015

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions yen	%	Millions yen	%	Millions yen	%	Millions yen	%	Yen
FY2015 (January 1, 2015 through December 31, 2015)	123,100	6.9	34,200	1.6	36,600	1.7	22,600	1.3	167.74

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# 1 Qualitative Information and Financial Statements

## (1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	2Q FY Dec. 2015	2Q FY Dec. 2014	Rate of Change (%)
Japan	25,851	24,166	7.0%
North America Reg.	14,325	11,938	20.0%
Europe Reg.	11,588	11,227	3.2%
Asia and Pacific Reg.	7,407	6,591	12.4%
Latin America Reg.	1,495	1,401	6.7%
Total	60,668	55,325	9.7%

During this term of fiscal year 2015, from January 1 to June 30, the world economy has been going through variety risk impacts. Though US economy has been strong with expectation of Fed rate rise this year, European economy holds the Greek issue and emerging countries have concerns which comes showing from mainly China economy remarkable slowdown behind a turmoil roiling stock markets.

Even though there are still problems such as world economy concerns including China's downward economic trend, Japan economy has been on a moderate recovery trend with a returning to trade surplus after nearly 3 years and rising consumer prices are moderately based on a variety of healthy economic index. The Japanese economy is in continuously recovery trend.

In the worldwide Information Technology Industry, the cloud computing demands including server virtualization and related services have been still leading to the market. Switching to cloud computing and big data have been getting attention from worldwide IT industry continuously. On the other hand, the worldwide PC shipments remain underrun from the same period in previous year due to recoil reduction in the Windows XP replacement demand.

In the computer security industry, cyber terrorism targeting specific companies or state institution, etc. which related to some cases of identity theft in both business client information and personal private information have been happened one after another and remained high-visibility incidents at home and abroad.

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

With regards to sales in Japan region, despite the recoil reduction from strong PC sales due to the Windows XP replacement demand in the same period in the previous year, consumer business has showed substantial growth with its following rebates reduction. 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 25,851 million yen (7.0% increase from the same period in the previous year.)

For North America region, consumer business sales have not still performed well with decrease in number of the users. On the other hand, enterprise business, which maintained its sales growth and shows the continuous growth of cloud related business, gives big contribution for this region sales even in local currencies. In addition, with large benefit by the weak Japanese yen, sales for this period in North America region was 14,325 million yen (20.0% 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.

In EMEA region sales, enterprise business growth has steady performed in also local currency to lead in this region's sales with mainly due to cloud related business. In addition, APT related business in this region shows substantial sales growth. In spite of influence of the strong yen, sales for this period in this region was 11,588 million yen (3.2% increase from the same period in previous year).

In the Asia Pacific region, mainly Australia and China, which continues to be in good condition in both local currency and Japanese yen terms, have been leading in this region's sales continuously. As a result, in addition to weak yen, net sales for this period in Asia Pacific region amounted to 7,407 million yen (12.4% increase from

the same period in the previous year).

In Latin America region, especially Brazil has showed strong sales growth in local currencies in spite of the strong yen impact. The enterprise business in Brazil leads this region's sales mainly due to both APT and cloud related businesses. As the result, net sales in this region were 1,495 million yen (6.7% increases from the same period in previous year).

As a result, the consolidated net sales for the first half of fiscal year 2015 came to 60,668 million yen (9.7% increase from the same period in previous year), showing sales growth in all region.

Cost of sales and operating expenses was largely affected by the weak Japanese yen overall. Especially people costs which are the most affected by weak yen and virtual share bonus plan were increased. In addition, there were impacts of recoil increases of software capitalization which concentrated in the same period in previous year, etc. As a result, cost of sales and operating expenses of 45,173 million yen (15.0% increase from the same period in previous year) and consolidated operating income for this period was 15,494 million yen (3.5% decrease from the same period in the previous year).

The consolidated ordinary income for this period was 16,571 million yen (5.0% decrease from the same period in previous year) and the consolidated net income for this period was 10,444 million yen (3.0% decrease from the same period in previous year).

## (2) Qualitative Information on the Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 47,223 million yen, a decrease of 15,885 million yen from FY2014 annual closing. Although investment securities and marketable securities increased, total assets at the end of this period were 279,015 million yen, 923 million yen decrease from FY2014 annual closing mainly due to a substantial decrease in cash and bank deposits, etc.

Total liabilities at the end of this period were 128,157 million yen, 1,313 million yen increase from FY2014 annual closing due to an increase in Deferred Revenue, etc.

As a result, total net assets at the end of this period were 150,857 million yen, a decrease of 2,236 million yen. This decrease is due to the dividends paid, etc., while Treasury stock decreased caused by exercises of stock options.

## (3) Qualitative Information on the Consolidated Earnings Forecast

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2015 (released on February 18, 2015).

### Annual Business forecast for 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) are as follows:

1 US \$	118 yen
1 Euro	134 yen

## 2. Others

### (1) Movement of significant subsidiaries

N/A

### (2) Application of simplified or special accounting procedures

(Calculation of income tax expenses)

We multiply net income before tax for this period (6 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes taking into consideration deferred tax accounting. In addition, deferred tax expense is included in income taxes.

### (3) Change of the Accounting Policy, Change of Accounting Estimation and Restatement

#### Change of the Accounting Policy

(Change in accounting standard for retirement benefits)

The Company had adopted the paragraph 35 and paragraph 67 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) from this fiscal year.

Under the revised accounting standard, the Company has changed the method of calculating retirement benefit obligations and service costs, 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.

As a result, the beginning balance of the retirement benefit obligation were decreased by JPY 147 million and the beginning balance of retained earnings were increased by JPY 95 million.

The effect to the consolidated statement of income is minor.

### (4) Additional information

(Influence of changing income tax rate)

Partial Amendment of the Income Tax Act, etc. is announced on March 31, 2015 and income tax rate was to be lowered from consolidated fiscal year started since April 1, 2015. The income tax has increased 745 million yen by this change.

### 3. 【CONSOLIDATED FINANCIAL STATEMENTS】

#### (1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2014	June 30, 2015
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	63,109	47,223
Notes and Accounts receivable, trade	26,342	24,596
Marketable securities	74,328	77,210
Inventories	523	549
Deferred tax assets	14,947	15,493
Others	4,819	6,292
Allowance for bad debt	(270)	(259)
Total current assets	183,799	171,106
<b>Non-current assets</b>		
<b>Property and equipment</b>		
(1) Office furniture & equipment	3,752	4,588
(2) Others	1,197	1,206
Total Property and equipment	4,949	5,794
<b>Intangibles</b>		
(1) Software	7,783	7,632
(2) Goodwill	740	496
(3) Others	903	811
Total intangibles	9,427	8,941
<b>Investments and other non-current assets</b>		
(1) Investment securities	67,815	79,328
(2) Investments in subsidiaries and affiliates	1,231	1,146
(3) Deferred tax assets	11,031	11,144
(4) Others	1,684	1,554
Total investments and other non-current assets	81,762	93,172
Total non-current assets	96,139	107,908
Total assets	279,938	279,015

(Million yen)

Account	December 31, 2014	June 30, 2015
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable and Notes payable, trade	672	682
Accounts payable, other	4,085	4,663
Accrued expenses	5,576	5,061
Accrued income and other taxes	4,635	4,869
Allowance for bonuses	929	1,272
Allowance for sales returns	653	759
Deferred revenue	70,162	70,873
Others	6,066	4,661
Total current liabilities	<u>92,782</u>	<u>92,843</u>
<b>Non-current liabilities</b>		
Deferred revenue	28,531	29,198
Net defined benefit liability	4,225	4,240
Others	1,305	1,875
Total non-current liabilities	<u>34,061</u>	<u>35,313</u>
Total liabilities	<u>126,844</u>	<u>128,157</u>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Common stock	18,386	18,386
Additional paid-in capital	21,993	22,274
Retained earnings	118,955	113,869
Treasury stock, at cost	(16,986)	(12,247)
Total Shareholders' equity	<u>142,349</u>	<u>142,283</u>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain (loss) on debt and equity securities	2,242	1,141
Foreign currency translation adjustments	6,681	6,343
Remeasurements of defined benefit plans	(749)	(715)
Total accumulated other comprehensive income	<u>8,174</u>	<u>6,770</u>
Stock acquisition rights	2,559	1,800
Minority interest	11	4
Total net assets	<u>153,094</u>	<u>150,857</u>
Total liabilities and net assets	<u>279,938</u>	<u>279,015</u>

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

Consolidated Statements of Income

(Million yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Net Sales	55,325	60,668
Cost of sales	9,304	10,456
Gross profit	46,020	50,212
Operating expenses	29,964	34,717
Operating income	16,056	15,494
Non-operating income		
Interest income	843	760
Gain on sale of marketable securities	785	590
Equity in gains of affiliated companies	0	-
Other income	54	87
Total non-operating income	1,685	1,438
Non-operating expenses		
Interest expenses	9	0
Foreign exchange loss	82	198
Equity in loss of affiliated companies	-	52
Loss on disposal of fixed assets	134	64
Other expenses	80	45
Total non-operating expenses	306	361
Ordinary income	17,435	16,571
Extraordinary gain		
Gain on reversal of stock options	14	19
Total extraordinary gain	14	19
Net income before taxes	17,449	16,590
Income taxes	6,685	6,145
Net Income before minority interest	10,763	10,445
Minority interest in income (loss) of consolidated subsidiaries	(0)	0
Net income	10,764	10,444

## Consolidated Statements of Comprehensive Income

(Million yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Income before minority interests	10,763	10,445
Other comprehensive income		
Valuation difference on available-for-sale securities	(822)	(1,101)
Foreign currency translation adjustment	(1,405)	(359)
Remeasurement of defined benefit plans	-	34
Share of other comprehensive income of associates accounted for using equity method	-	22
Total other comprehensive income	(2,228)	(1,404)
Comprehensive income	8,535	9,040
Comprehensive income attributable to owners of the parent	8,536	9,040
Comprehensive income attributable to minority interests	(0)	0

## (3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities:		
Net income before taxes	17,449	16,590
Depreciation and amortization	3,445	4,099
Stock compensations	411	363
Gain on reversal of stock option	(14)	(19)
Amortization of goodwill	218	248
Increase (decrease) in allowance for bad debts	(13)	(14)
Increase (decrease) in allowance for sales returns	274	105
Increase in allowance for retirement benefits	233	-
Increase (decrease) in net defined benefit liability	-	(37)
Interest income	(843)	(760)
Interest expenses	9	0
Equity in earnings of affiliated companies	(0)	52
Loss on disposal of fixed assets	134	64
(Gain) loss on sale of marketable securities	(785)	(590)
(Increase) decrease in notes and accounts receivable	1,992	1,232
(Increase) decrease in inventories	(54)	(27)
Increase (decrease) in notes and accounts payable	188	1
Increase (decrease) in accounts payable, other & accrued expenses	62	(814)
Increase (decrease) in deferred revenue	2,722	2,533
Virtual share bonus plan	(626)	(190)
Others	(1,224)	(649)
Subtotal	23,578	22,186
Proceeds from interest and dividend received	579	745
Payment for interest expenses	(9)	(0)
Payment for income tax	(6,976)	(6,878)
Net cash provided by operating activities	17,171	16,053
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	848	111
Payments for purchases of marketable securities and securities investments	(90,418)	(78,045)
Proceeds from sale or redemptions of marketable securities and securities investments	67,127	63,094
Payments for purchases of property and equipment	(912)	(1,970)
Payments for purchases of other intangibles	(2,952)	(2,754)
Others	-	46
Net cash used in/provided by investing activities	(26,307)	(19,519)
Cash flows from financing activities:		
Payments from purchases of treasury stock	(3,344)	-
Receipt from disposal of treasury stock	512	3,916
Dividends paid	(15,764)	(14,835)
Others	-	(11)
Net cash used in financing activities	(18,596)	(10,930)
Effect of exchange rate changes on cash and cash equivalents	(1,174)	(1,481)
Net increase (decrease) in cash and cash equivalents	(28,907)	(15,878)
Cash and cash equivalents at beginning of period	73,949	58,662
Cash and cash equivalents at end of period	45,042	42,784

## (4) Footnotes on Consolidated Financial Statements

## (Footnote on going concern)

N/A

## (Notes on significant changes in stockholders' equity)

N/A

## (Segment Information)

Information on sales, profit/loss by reporting segments

For the previous fiscal year (from January 1, 2014 to June 30, 2014)

(Million Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Adj (*) <sup>3</sup>	Amt in Con P&L (*) <sup>4</sup>
Sales								
(1) Net sales to external customers	24,166	11,938	11,227	6,591	1,401	55,325	—	55,325
(2) Intercompany sales	1,003	1,233	526	8,739	7	11,510	(11,510)	—
Total	25,170	13,171	11,753	15,330	1,408	66,835	(11,510)	55,325
Segment income	9,163	2,987	2,137	1,270	347	15,906	149	16,056

(Note)

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

2 Major countries other than Japan:

North America U. S. A., Canada

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India

Latin America Brazil, Mexico

3 The amount of "Adj" in segment income 149M is that of intercompany adjustment

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

For the current fiscal year (from January 1, 2015 to June 30, 2015)

(Million Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Adj (*) <sup>3</sup>	Amt in Con P&L (*) <sup>4</sup>
Sales								
(1) Net sales to external customers	25,851	14,325	11,588	7,407	1,495	60,668	—	60,668
(2) Intercompany sales	393	1,504	497	10,124	9	12,529	(12,529)	—
Total	26,245	15,830	12,085	17,532	1,504	73,197	(12,529)	60,668
Segment income	8,429	3,308	1,884	1,406	431	15,461	32	15,494

(Note)

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

2 Major countries other than Japan:

North America U.S.A., Canada

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia,  
Thailand, India

Latin America Brazil, Mexico

3 The amount of "Adj" in segment income 32M is that of intercompany adjustment

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