

November 10, 2015

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

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Expected date of the submission of quarterly security reports ( "Shihanki Hokokusho" )  
: November 11, 2015

## 1. Financial Highlights for Nine Months Ended September 30, 2015

### (1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine Months Ended September 30, 2015	91,599	9.1	24,120	(2.1)	27,088	2.2	17,144	4.0
Nine Months Ended September 30, 2014	83,941	5.1	24,630	13.1	26,504	11.6	16,490	10.4

(Note) Comprehensive Income: 11,577 million yen minus 32.9% as of September 30, 2015  
(17,263 million yen minus 12.6% as of September 30, 2014)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Nine Months Ended September 30, 2015	126.36	125.36
Nine Months Ended September 30, 2014	122.45	121.59

### (2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
September 30, 2015	278,850	154,086	54.6
December 31, 2014	279,938	153,094	53.8

(Note) Net Assets after deduction of Share acquisition rights and Minority interest  
:152,306 million yen as of September 30, 2015 (150,523 million yen as of December 31, 2014)

## 2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter ended	The second quarter ended	The third quarter ended	Annual ended	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 Third 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 September 30, 2015

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

- ② Number of treasury stocks :

3,792,724 shares as of September 30, 2015

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

- ③ Average number of shares outstanding :

135,685,299 shares nine months ended September 30, 2015

134,676,777 shares nine months ended September 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 of 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		
	The Nine Month ending Third Quarter of FY2015	The Nine Month ending Third Quarter of FY2014	Rate of Change
Japan	38,768	37,225	4.1%
North America Reg.	21,760	17,972	21.1%
Europe Reg.	17,530	16,701	5.0%
Asia and Pacific Reg.	11,201	9,895	13.2%
Latin America Reg.	2,338	2,146	8.9%
Total	91,599	83,941	9.1%

During this term of fiscal year 2015, from January 1 to September 30, though US economy has been strong continuously with expectation of Fed rate rise this year, the world economy has been going through variety risk impacts with mainly China economy which shows remarkable slowdown behind a turmoil roiling stock markets and European economy which has still remain concerns.

Japan economy has been on a moderate recovery trend with a corporate profits improving and a variety of healthy economic index. On the other hand, there are still concerns such as world economy downward mainly due to China economic impact, Japan economy has not been entirely stable.

In the worldwide Information Technology Industry, the cloud computing demands including server virtualization and related services have been still leading 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 several causes including new OS launch's minimal impact.

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 the growth with its following rebates reduction. As for enterprise business sales, cloud related business has maintained its growth continuously. In addition, APT related business starts to show its contribution to enterprise business sales. As a result, net sales for this period in Japan region amounted to 38,768 million yen (4.1% 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 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 21,760 million yen (21.1% 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, APT related business shows the continuous growth and it leads to whole enterprise business in this region with cloud related business. In spite of influence of the strong yen, sales for this period in this region was 17,530 million yen (5.0% 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 with enterprise business with mainly cloud related business. As a result, in addition to weak yen, net sales for this period in Asia Pacific region amounted to 11,201 million yen (13.2% increase from the same period in the previous year).

In Latin America region, both Brazil and Mexico has showed strong sales growth in local currencies in spite of the strong yen impact. The enterprise business leads this region's sales mainly due to both APT and cloud related

businesses. As the result, net sales in this region were 2,338 million yen (8.9% increase from the same period in previous year).

As a result, the consolidated net sales for this period (this term of fiscal year 2014, from January 1 to September 30,) came to 91,599 million yen (9.1% 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 overall. Especially people costs which are the most affected by weak yen and virtual share bonus plan were increased. As a result, consolidated operating income for this period was increase as of 67,478 million yen (13.8% increase from the same period in previous year) and consolidated operating income for this period was 24,120 million yen (2.1% decrease from the same period in the previous year) with showing decrease in profit. On the other hand, the consolidated ordinary income for this period was 27,088 million yen (2.2% increase from the same period in previous year) with showing increase in profit due to an increase of gain on sale of marketable securities. The consolidated net income for this period was 17,144 million yen (4.0% increase from the same period in previous year) with showing increase in profit.

Though this is not the event for this term from January 1 to September 30 of fiscal year 2015, the Trend Micro group has signed a definitive agreement with Hewlett-Packard Company to acquire the TippingPoint business of HP on October 20, 2015 in US time.

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

Cash and bank deposits at the end of this period amounted to 51,159 million yen, a decrease of 11,950 million yen from FY2014 annual closing. Although marketable securities increased, total assets at the end of this period were 278,850 million yen, 1,087 million yen decrease from FY2014 annual closing due to a decrease in cash and bank deposits, etc.

Total liabilities at the end of this period were 124,764 million yen, 2,079 million yen decrease from FY2014 annual closing. This decrease is due to mainly accrued income and other taxes and accounts payable, other, decrease, etc.

As the result, total net assets at the end of this period were 154,086 million yen, an increase of 991 million yen. Although foreign currency translation adjustments and net unrealized gain on debt and equity securities are decrease, treasury stock decreased caused by exercises of stock options and retained earnings increase.

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

### (3) 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 1,204 million yen by this change.

### 3. 【CONSOLIDATED FINANCIAL STATEMENTS】

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

(Million yen)

Account	December 31, 2014	September 30, 2015
<b>(Assets)</b>		
Current assets		
Cash and bank deposits	63,109	51,159
Notes and Accounts receivable, trade	26,342	25,078
Marketable securities	74,328	73,543
Inventories	523	682
Deferred tax assets	14,947	15,807
Others	4,819	6,040
Allowance for bad debt	(270)	(245)
Total current assets	183,799	172,066
Non-current assets		
Property and equipment		
(1) Office furniture & equipment	3,752	4,656
(2) Others	1,197	1,163
Total Property and Equipment	4,949	5,820
Intangibles		
(1) Software	7,783	7,621
(2) Goodwill	740	361
(3) Others	903	751
Total intangibles	9,427	8,733
Investments and other non-current assets		
(1) Investment securities	67,815	78,431
(2) Investments in subsidiaries and affiliates	1,231	1,100
(3) Deferred tax assets	11,031	11,120
(4) Others	1,684	1,578
Total investments and other non-current assets	81,762	92,231
Total non-current assets	96,139	106,784
Total assets	279,938	278,850

(Million yen)

Account	December 31, 2014	September 30, 2015
<b>(Liabilities)</b>		
Current liabilities		
Accounts payable and Notes payable, trade	672	660
Accounts payable, other	4,085	4,002
Accrued expenses	5,576	4,826
Accrued income and other taxes	4,635	3,883
Allowance for bonuses	929	1,480
Allowance for sales returns	653	1,042
Deferred revenue	70,162	68,651
Others	6,066	4,645
Total current liabilities	92,782	89,192
Non-current liabilities		
Deferred revenue	28,531	29,328
Net defined benefit liability	4,225	4,174
Others	1,305	2,068
Total non-current liabilities	34,061	35,572
Total liabilities	126,844	124,764
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	18,386	18,386
Additional paid-in capital	21,993	22,344
Retained earnings	118,955	120,561
Treasury stock, at cost	(16,986)	(11,593)
Total Shareholders' equity	142,349	149,699
Accumulated Other Comprehensive Income		
Net unrealized gain (loss) on debt and equity securities	2,242	296
Foreign currency translation adjustments	6,681	2,947
Remeasurements of defined benefit plans	(749)	(636)
Total accumulated other comprehensive income	8,174	2,607
Stock acquisition rights	2,559	1,776
Minority interest	11	3
Total net assets	153,094	154,086
Total liabilities and net assets	279,938	278,850

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

Consolidated Statements of Income

(Million yen)

	Nine months ended September 30, 2014	Nine months ended September 30, 2015
Net Sales	83,941	91,599
Cost of sales	14,577	15,719
Gross profit	69,363	75,879
Operating expenses	44,732	51,759
Operating income	24,630	24,120
Non-operating income		
Interest income	1,284	1,137
Gain on sale of marketable securities	798	1,386
Equity in gains of affiliated companies	2	-
Foreign exchange gain	-	468
Other income	73	230
Total non-operating income	2,159	3,222
Non-operating expenses		
Interest expenses	9	1
Loss on sale of marketable securities	-	4
Foreign exchange loss	48	-
Equity in loss of affiliated companies	-	110
Loss on disposal of fixed assets	134	64
Other expenses	93	72
Total non-operating expenses	285	254
Ordinary income	26,504	27,088
Extraordinary gain		
Gain on reversal of stock options	23	20
Total extraordinary gain	23	20
Net income before taxes	26,528	27,109
Income taxes	10,037	9,964
Net Income before minority interest	16,490	17,144
Minority interest in income (loss) of consolidated subsidiaries	(0)	(0)
Net income	16,490	17,144

## Consolidated Statements of Comprehensive Income

(Million yen)

	Nine months ended September 30, 2014	Nine months ended September 30, 2015
Income before minority interests	16,490	17,144
Other comprehensive income		
Valuation difference on available-for-sale securities	(432)	(1,946)
Foreign currency translation adjustment	1,191	(3,733)
Remeasurement of defined benefit plans	-	113
Share of other comprehensive income of associates accounted for using equity method	13	(1)
Total other comprehensive income	<u>772</u>	<u>(5,567)</u>
Comprehensive income	<u>17,263</u>	<u>11,577</u>
Comprehensive income attributable to owners of the parent	<u>17,263</u>	<u>11,577</u>
Comprehensive income attributable to minority interests	0	(0)

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

(Million yen)

Account	Nine months ended September 30, 2014	Nine months ended September 30, 2015
Cash flows from operating activities:		
Net income before taxes	26,528	27,109
Depreciation and amortization	5,094	5,984
Stock compensations	579	501
Gain on reversal of stock option	(23)	(20)
Amortization of goodwill	329	373
Increase (decrease) in allowance for bad debts	9	(14)
Increase (decrease) in allowance for sales returns	256	394
Increase in allowance for retirement benefits	305	-
Increase (decrease) in net defined benefit liability	-	26
Interest income	(1,284)	(1,137)
Interest expenses	9	1
Equity in earnings of affiliated companies	(2)	110
Loss on disposal of fixed assets	134	64
(Gain) loss on sale of marketable securities	(798)	(1,382)
(Increase) decrease in notes and accounts receivable	2,217	192
(Increase) decrease in inventories	(100)	(177)
Increase (decrease) in notes and accounts payable	186	39
Increase (decrease) in accounts payable, other & accrued expenses	(308)	(476)
Increase (decrease) in deferred revenue	1,871	2,208
Virtual share bonus plan	19	412
Others	(347)	(859)
Subtotal	34,675	33,351
Proceeds from interest and dividend received	1,071	1,229
Payment for interest expenses	(9)	(1)
Payment for income tax	(12,154)	(11,699)
Net cash provided by operating activities	23,584	22,878
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	597	(16)
Payments for purchases of marketable securities and securities investments	(122,444)	(108,131)
Proceeds from sale or redemptions of marketable securities and securities investments	97,895	95,151
Payments for purchases of property and equipment	(1,333)	(2,858)
Payments for purchases of other intangibles	(4,413)	(4,095)
Payments for purchases of affiliated company securities	(1,030)	(36)
Others	-	46
Net cash used in/provided by investing activities	(30,729)	(19,942)
Cash flows from financing activities:		
Payments from purchases of treasury stock	(3,344)	-
Receipt from disposal of treasury stock	1,201	4,479
Dividends paid	(15,769)	(14,837)
Others	-	(11)
Net cash used in financing activities	(17,912)	(10,369)
Effect of exchange rate changes on cash and cash equivalents	50	(4,374)
Net increase (decrease) in cash and cash equivalents	(25,007)	(11,807)
Cash and cash equivalents at beginning of period	73,949	58,662
Cash and cash equivalents at end of period	48,942	46,855

## (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 September 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	37,225	17,972	16,701	9,895	2,146	83,941	—	83,941
(2) Intercompany sales	1,499	1,857	772	12,937	11	17,077	(17,077)	—
Total	38,724	19,829	17,473	22,832	2,158	101,018	(17,077)	83,941
Segment income	14,533	4,389	3,234	1,792	550	24,499	131	24,630

(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 131M 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 September 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	38,768	21,760	17,530	11,201	2,338	91,599	—	91,599
(2) Intercompany sales	601	2,276	728	14,753	13	18,374	(18,374)	—
Total	39,369	24,037	18,259	25,954	2,351	109,973	(18,374)	91,599
Segment income	13,073	5,347	3,132	1,875	708	24,138	(18)	24,120

(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 minus 18M is that of intercompany adjustment

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

(Subsequent Events)

Trend Micro has reached an agreement with Hewlett-Packard Company (hereinafter "HP") to acquire the TippingPoint business of HP.

1. The reason for transaction

Trend Micro group signed a definitive agreement with HP to acquire TippingPoint business including Next-Generation Intrusion Prevention System (NGIPS) and related network security solutions. This acquisition positions Trend Micro as the go-to enterprise security provider of dynamic threat defense solutions spanning endpoints, network, data center and the cloud.

In addition to proven network security, this agreement includes the threat insight and expertise of TippingPoint's Digital Vaccine LABS (DVLABS), that provides real-time threat intelligence with innovative security filters to analyze vulnerabilities and exploits. Another benefit is the Initiative for Zero Day Attack, which has responsibly disclosed more zero-day vulnerabilities than all competitors combined through the diligence and expertise of an extensive community of researchers.

Trend Micro group will provide value-added high quality security service and solutions through these unique expertise and abilities which will work in concert with the expensive resources of the Trend Micro Smart Protection Network and threat research teams to help ensure market leading detection rates.

2. The counterparty

Hewlett-Packard Company

3. Estimated date of completion of Transaction

Target 2015 Q4, subject to completion of regulatory review requirements.

4. Legal form of business combination

Business acquisition

5. Assumed Assets and Liabilities

These are not determined currently.

6. Acquisition Cost

Approximately 300 million USD (approximately 36 billion yen / 1 USD=120 JPY)