



Trend Micro

FY2004. 1Q Results

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Forward Looking Statements

Certain Statements that we make in this presentation are forward-looking statements. These forward-looking statements are based upon management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties. Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- **difficulties in addressing new virus and other computer security problems;**
- **timing of new product introductions and lack of market acceptance for our new products;**
- **the level of continuing demand for , and timing of sales of , our existing products;**
- **rapid technological change within the anti-virus software industry;**
- **changes in customer needs for anti-virus software;**
- **existing products and new product introductions by our competitors and the pricing of those products;**
- **declining prices for our products and services;**
- **the effect of future acquisitions on our financial condition and results of operations;**
- **the effect of adverse economic trends on our principal markets;**
- **the effect of foreign exchange fluctuations on our results of operations;**
- **an increase in the incidence of product returns;**
- **the potential lack of attractive investment targets; and**
- **difficulties in successfully executing our investment strategy.**

We assume no obligation to update any forward-looking statements.

For more details regarding risk factors relating to our future performance, please refer to our filings with the U.S. Securities and Exchange Commission.

Consolidated Results

<i>Three months ended Mar 31,</i>	(unaudited) (in million Yen)		
	1Q2003	1Q2004	YoY growth
Net sales	10,918	13,621	25%
Cost of sales	804	912	13%
Gross profit	10,114	12,709	26%
Operating expenses	7,153	7,569	6%
Operating income	2,961	5,140	74%
<u>Operating income margin</u>	<u>27%</u>	<u>38%</u>	
Income before taxes	3,066	5,312	73%
Net Income	1,740	3,141	81%

(In accordance with US GAAP)

If currency exchange rates used for 1Q2003 were used for 1Q2004:

			YoY change
Net sales	10,918	13,774	26%

** The JPY amount for 1Q2004 shown above has been calculated by applying to each foreign currency net sales amount for 1Q2004 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1Q2003 into a JPY net sales amount for U.S. GAAP reporting purposes.*

(Non-GAAP)

USD based Results (Non-GAAP)

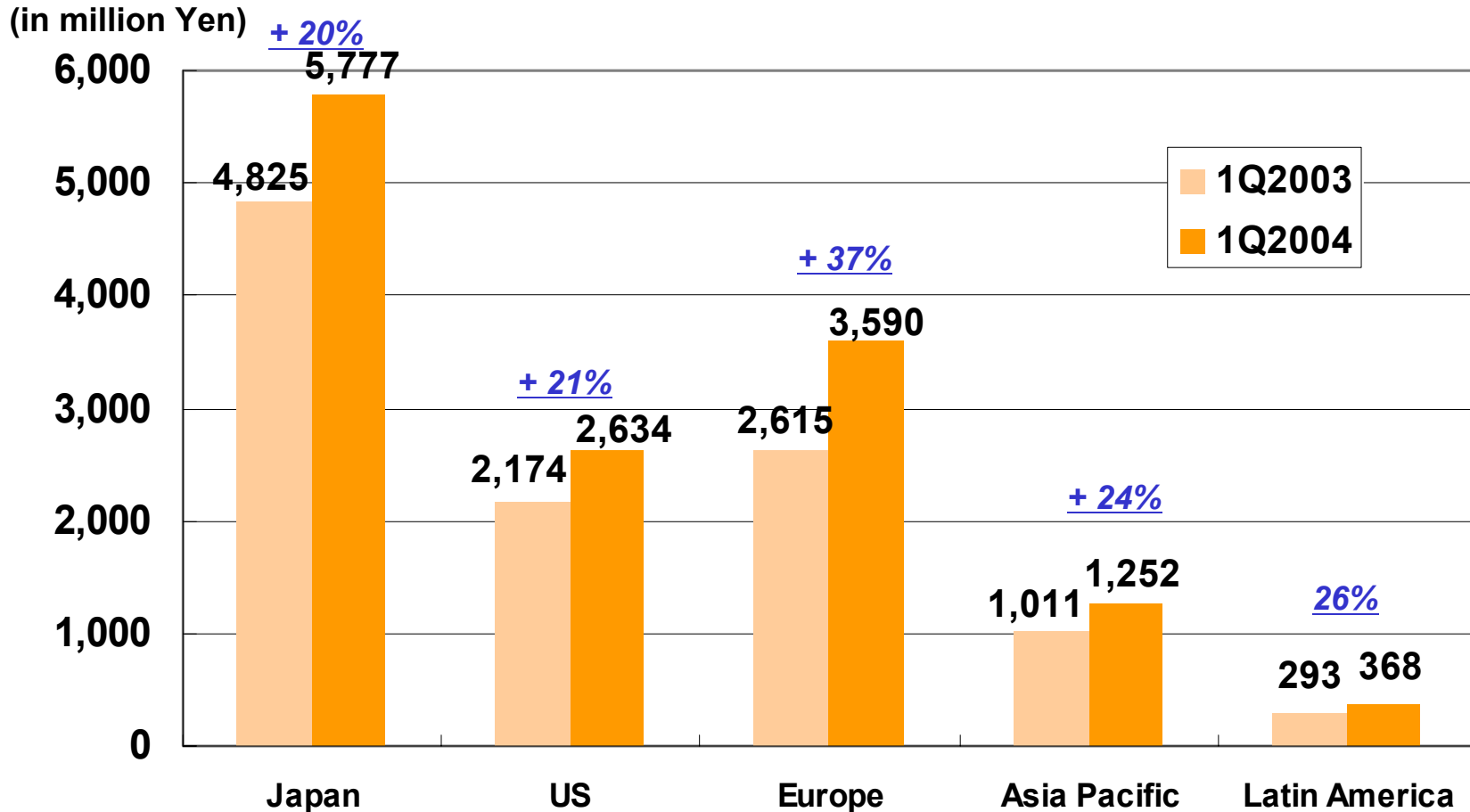
<i>Three months ended Mar 31,</i>	<i>1Q2003</i>	<i>1Q2004</i>	<i>(unaudited) (in thousand USD) YoY change</i>
Net sales	91,821	126,804	38%
Cost of sales	6,768	8,489	25%
Gross profit	85,053	118,315	39%
Operating expenses	60,154	70,462	17%
Operating income	24,899	47,853	92%
Income before taxes	25,786	49,449	92%
Net Income	14,632	29,236	100%

(Non-GAAP)

For each of the quarters shown in the table above, JPY U.S. GAAP amounts have been converted to USD amounts using the exchange rates of USD=118.91 JPY for 1Q2003 and 1 USD =107.54 JPY for 1Q2004, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

Net Sales Growth by Region

(unaudited)

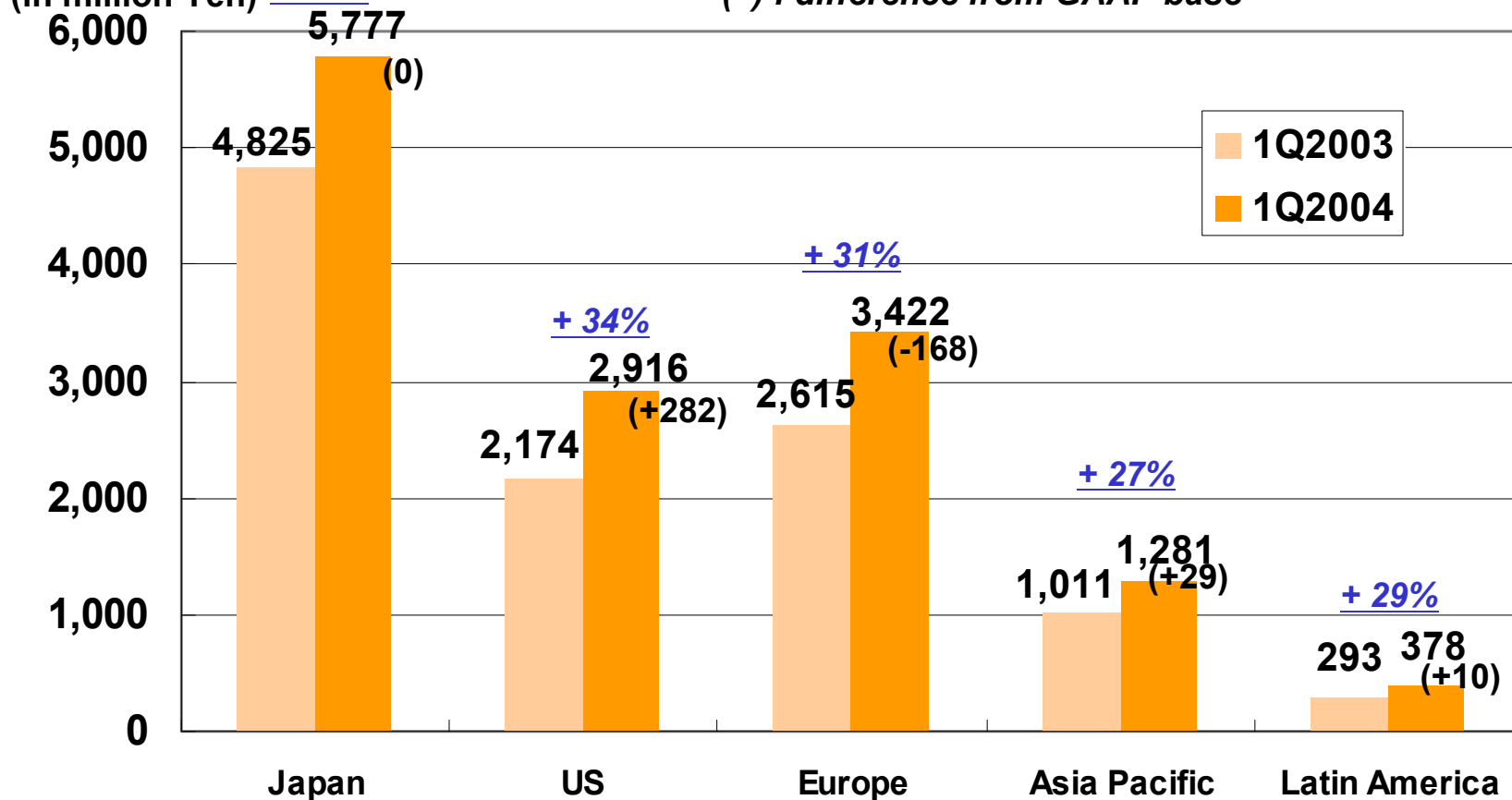


Net Sales Growth by Region

If currency exchange rates used for 1Q2003 were used for 1Q2004: (unaudited)

(in million Yen) + 20%

* () : difference from GAAP base



* Each JPY amount for 1Q2004 shown above has been calculated by applying to the relevant foreign currency net sales amount for 1Q2004 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1Q2003 into a JPY net sales amount for U.S. GAAP reporting purposes. Net sales in Europe were all reported in Euro. Net sales in Asia Pacific and Latin America were reported in more than one foreign currency.

(Non-GAAP)

Q1 Highlights

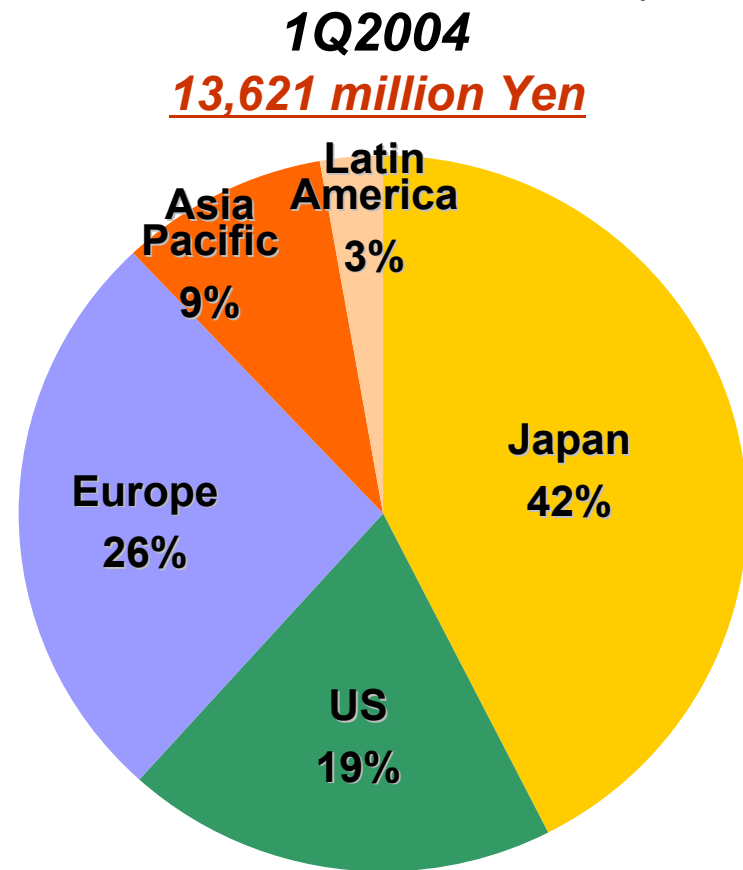
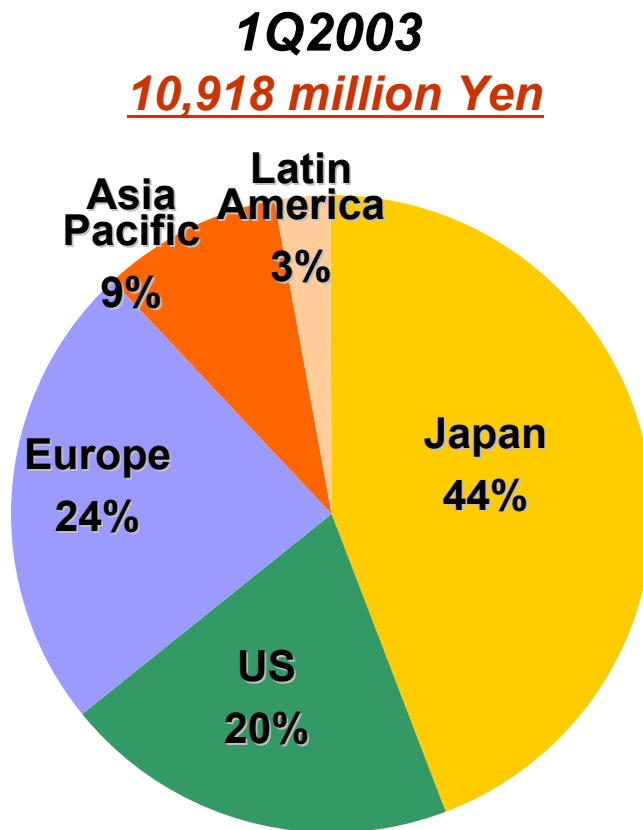
- ***US growth rate continues to accelerate due to channel expansion and recovery in enterprise business***
- ***Growth in UK, Germany, Scandinavia drives EMEA performance***
- ***Network VirusWall creates high interest as a new concept in network security, winning numerous industry awards even before commercial shipment***

Q1 Lowlights

- ***APAC and LA performance remains below expectations***
 - ***Reorganization of sales process as well as additional resources in high growth areas should improve performance in Q2***
- ***Japan enterprise business recovery remains weak***

% share by region

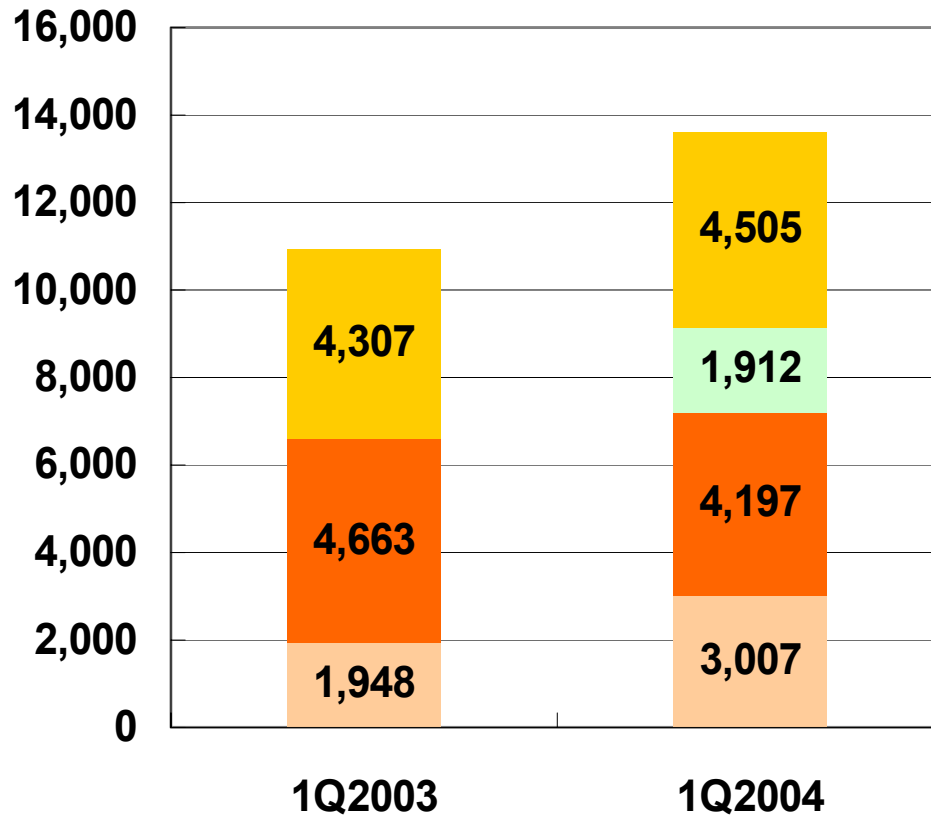
(unaudited)



Sales by Product

(unaudited)

(in million Yen)



	<u>1Q2003</u>	<u>1Q2004</u>
Internet Server	39%	33%
Gateway Suite *	-	14%
Client/Server Solution, others	43%	31%
Consumer PC	18%	22%
Total	100%	100%

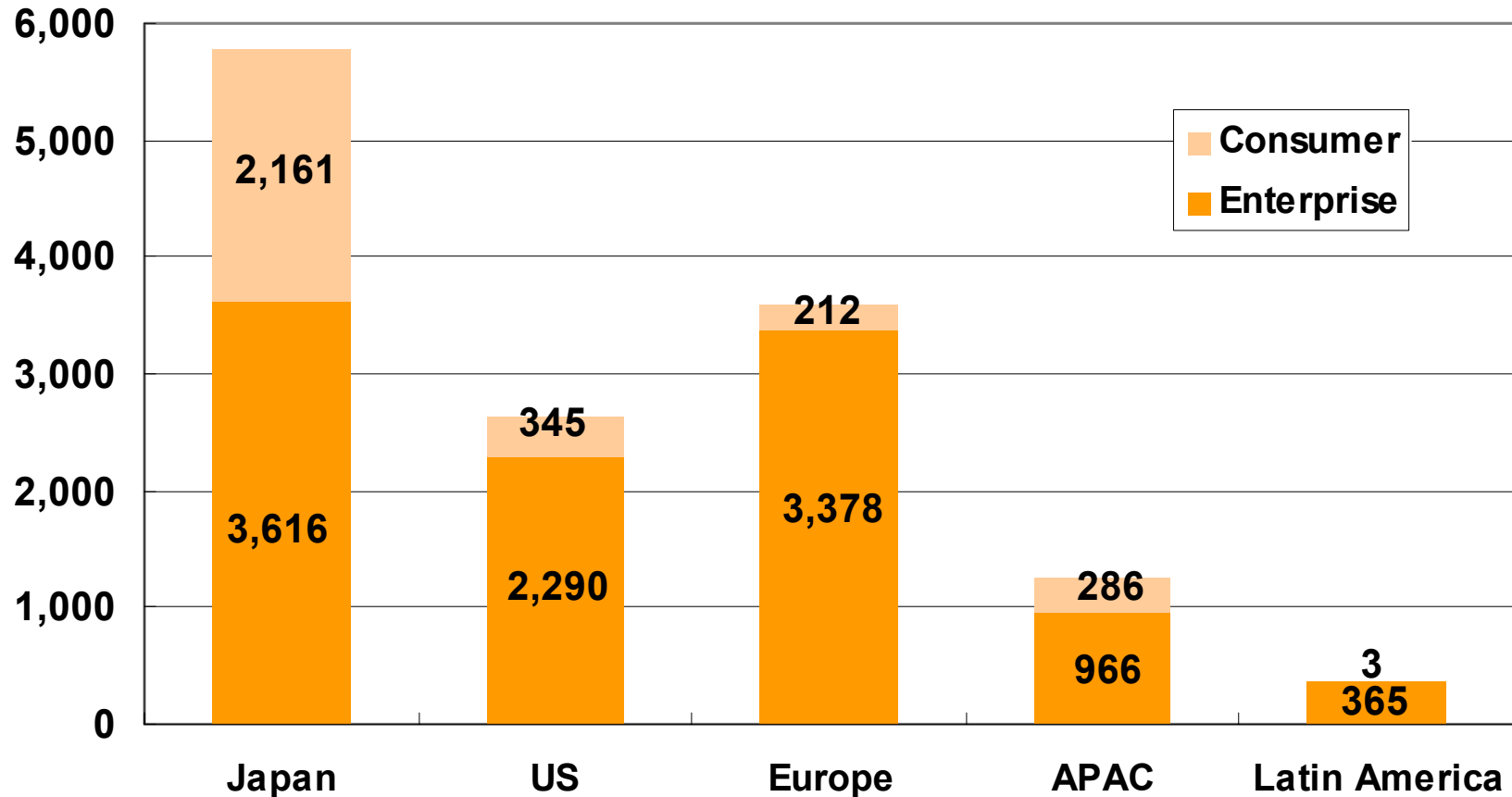
* Composed of "Internet Server" products and "Client/Server Solution" products
e.g. Neat Suite, Client/Server/Messaging Suite, etc.

Sales by Customer

(in million Yen)

1Q2004

(unaudited)

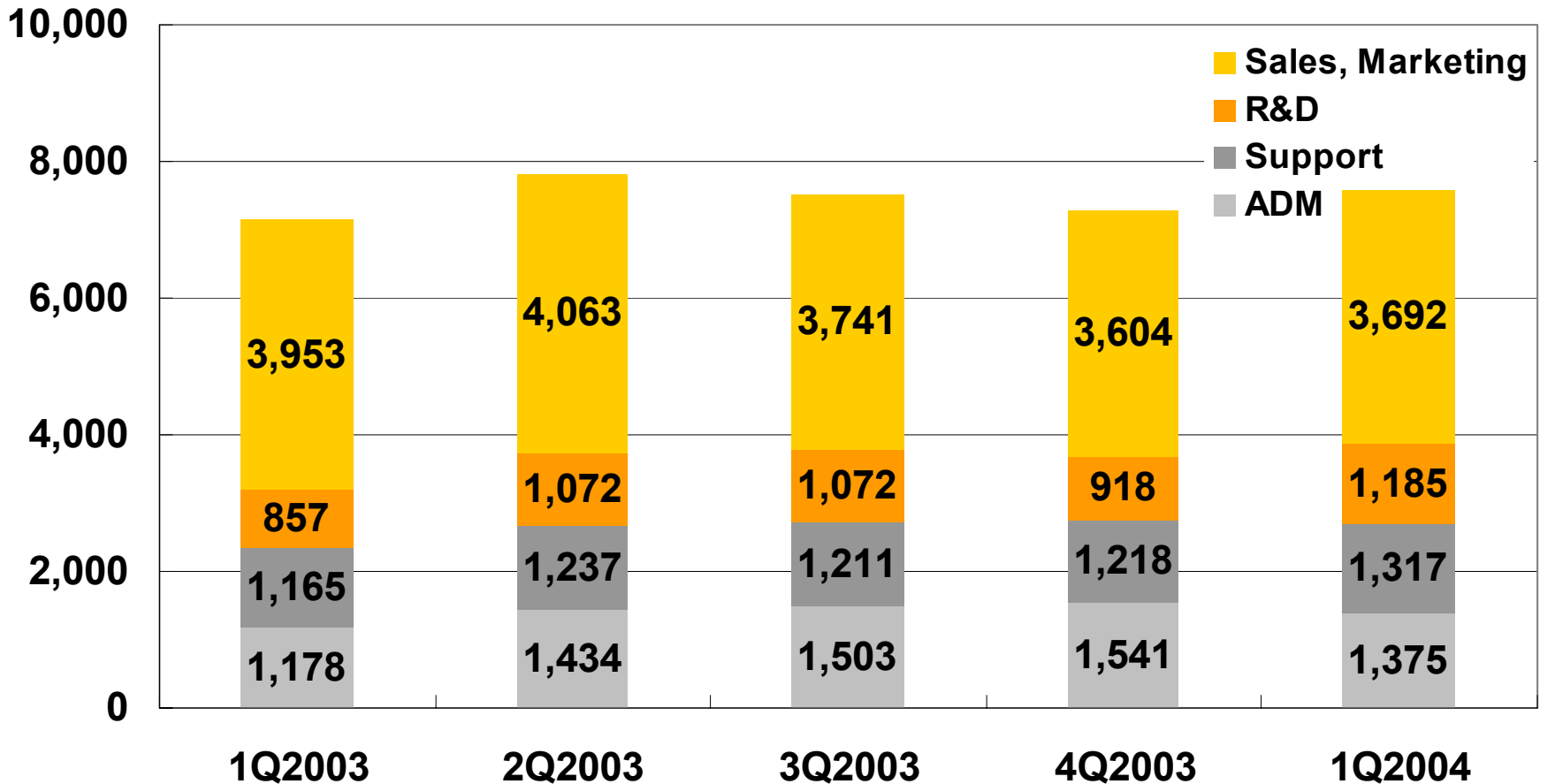


(In accordance with US GAAP)

Operating expenses

(unaudited)

(in million Yen)

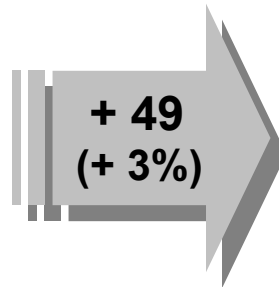
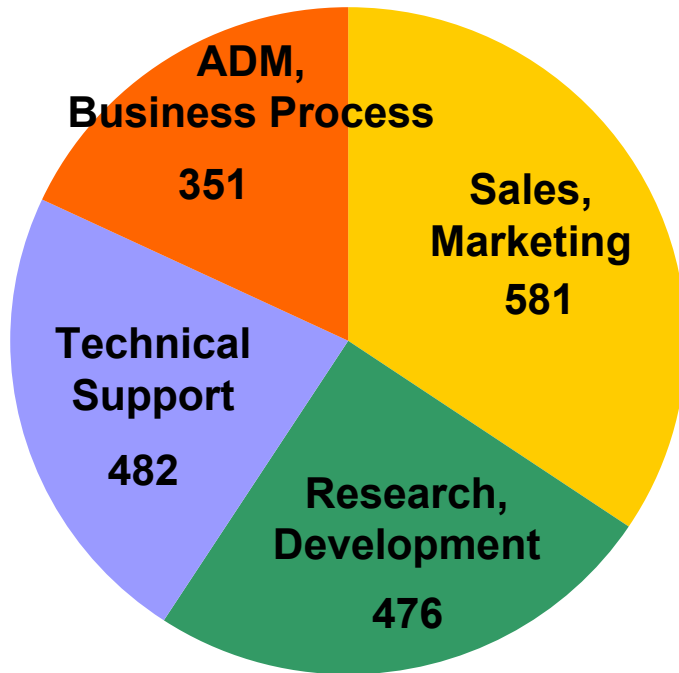


(In accordance with US GAAP)

Headcount

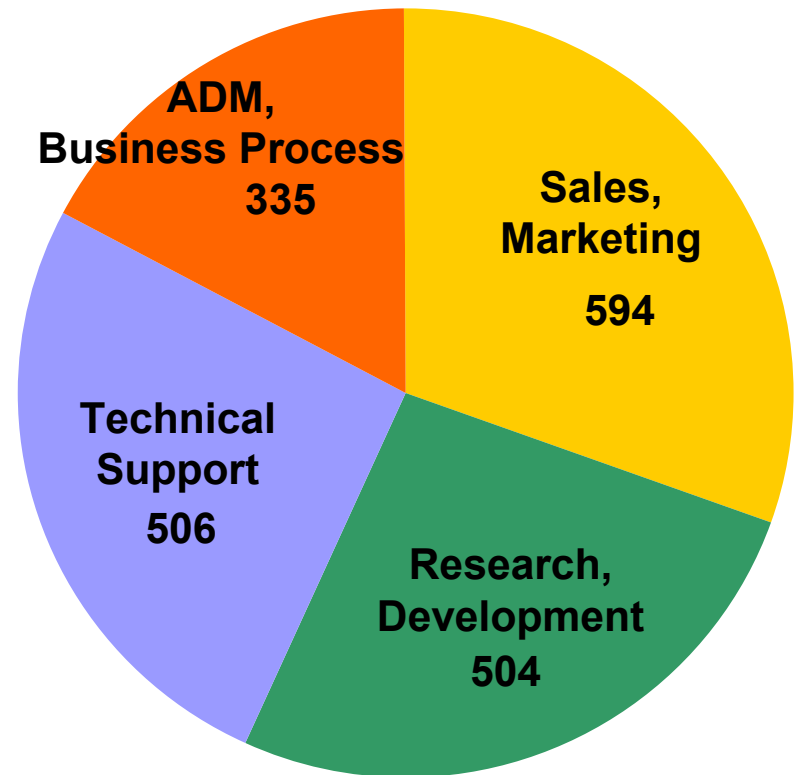
Dec - 2003

1,890

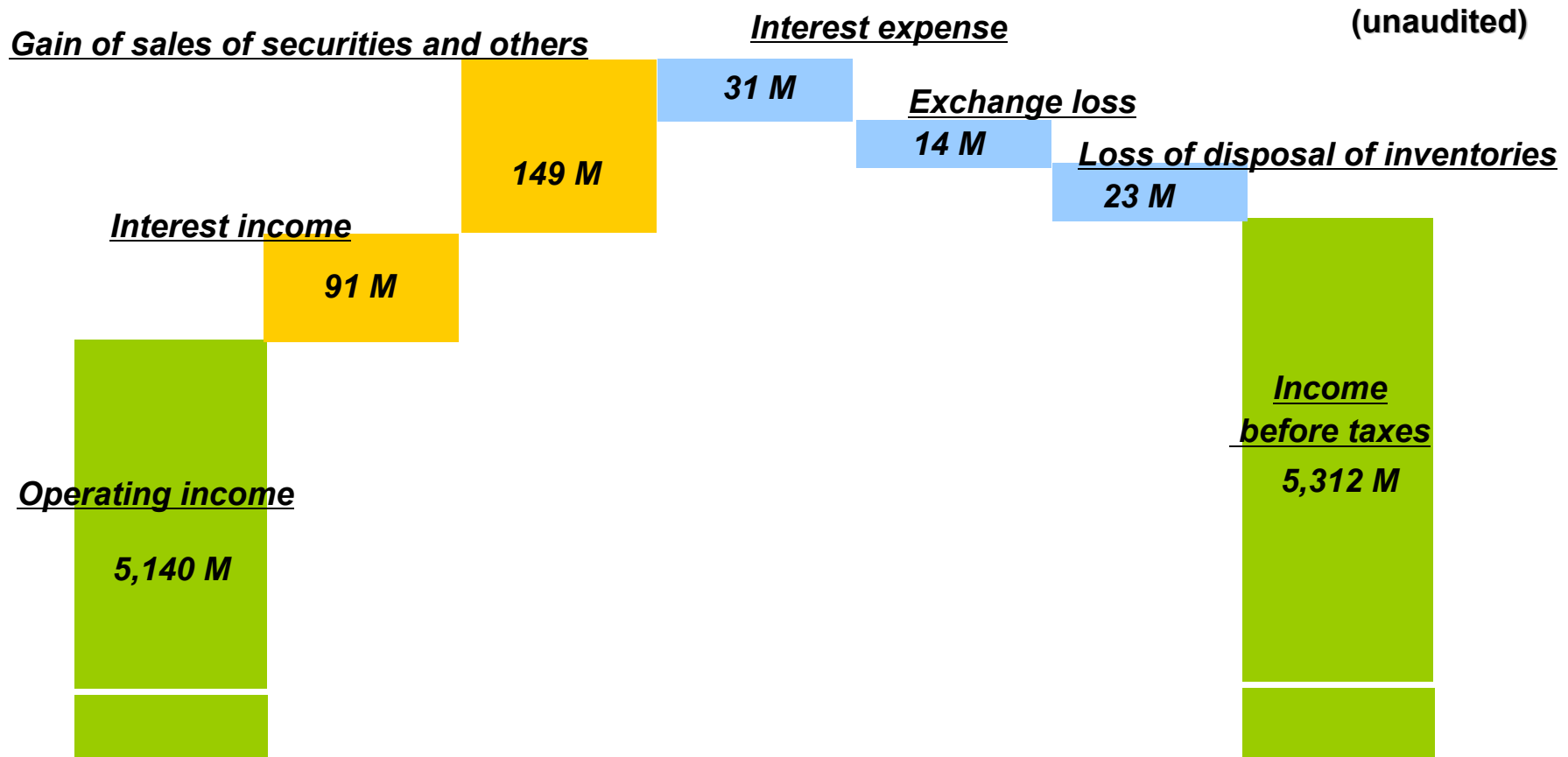


Mar - 2004

1,939



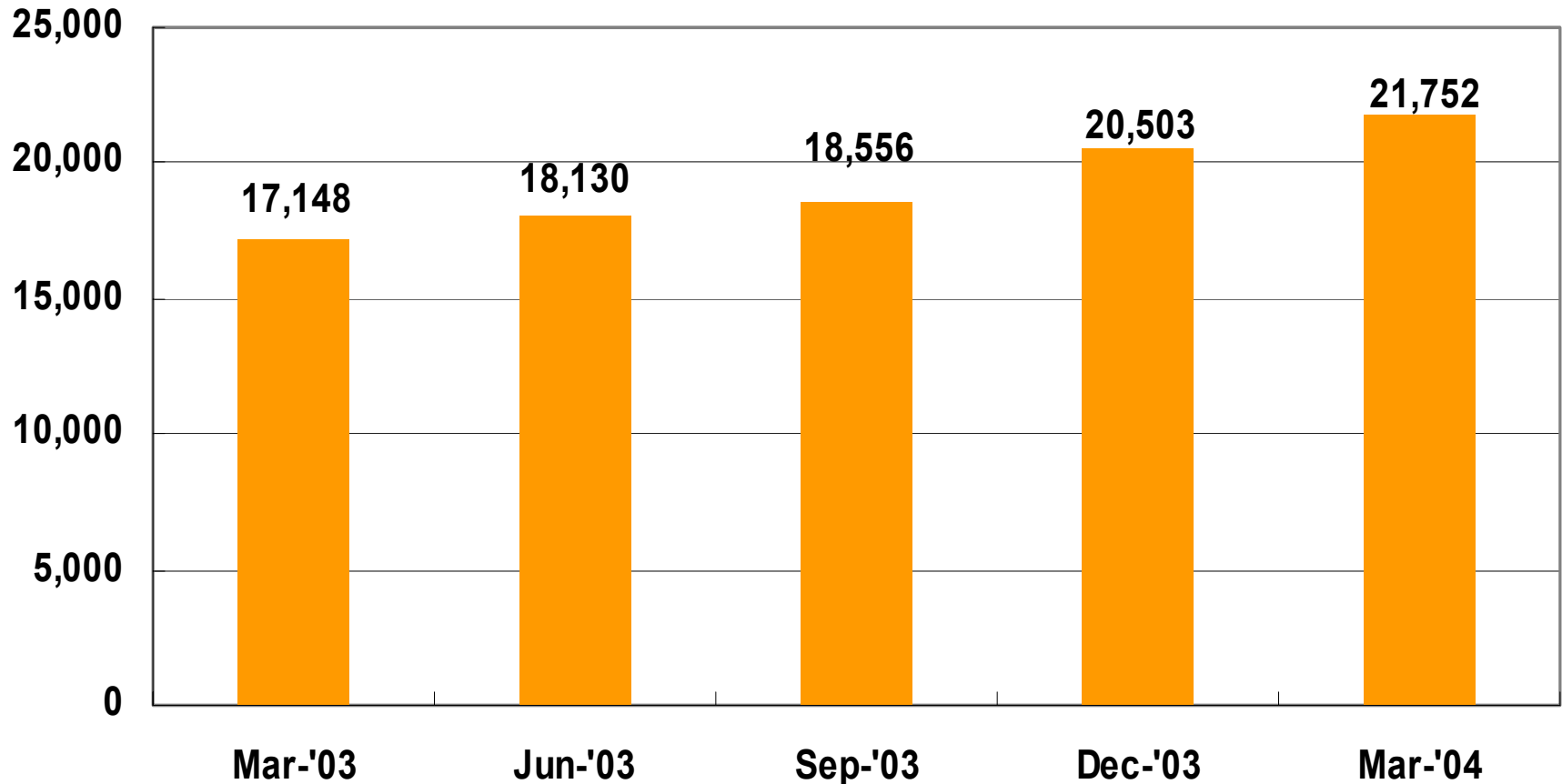
Non-operating Items



Deferred Revenue

(in million Yen)

(unaudited)

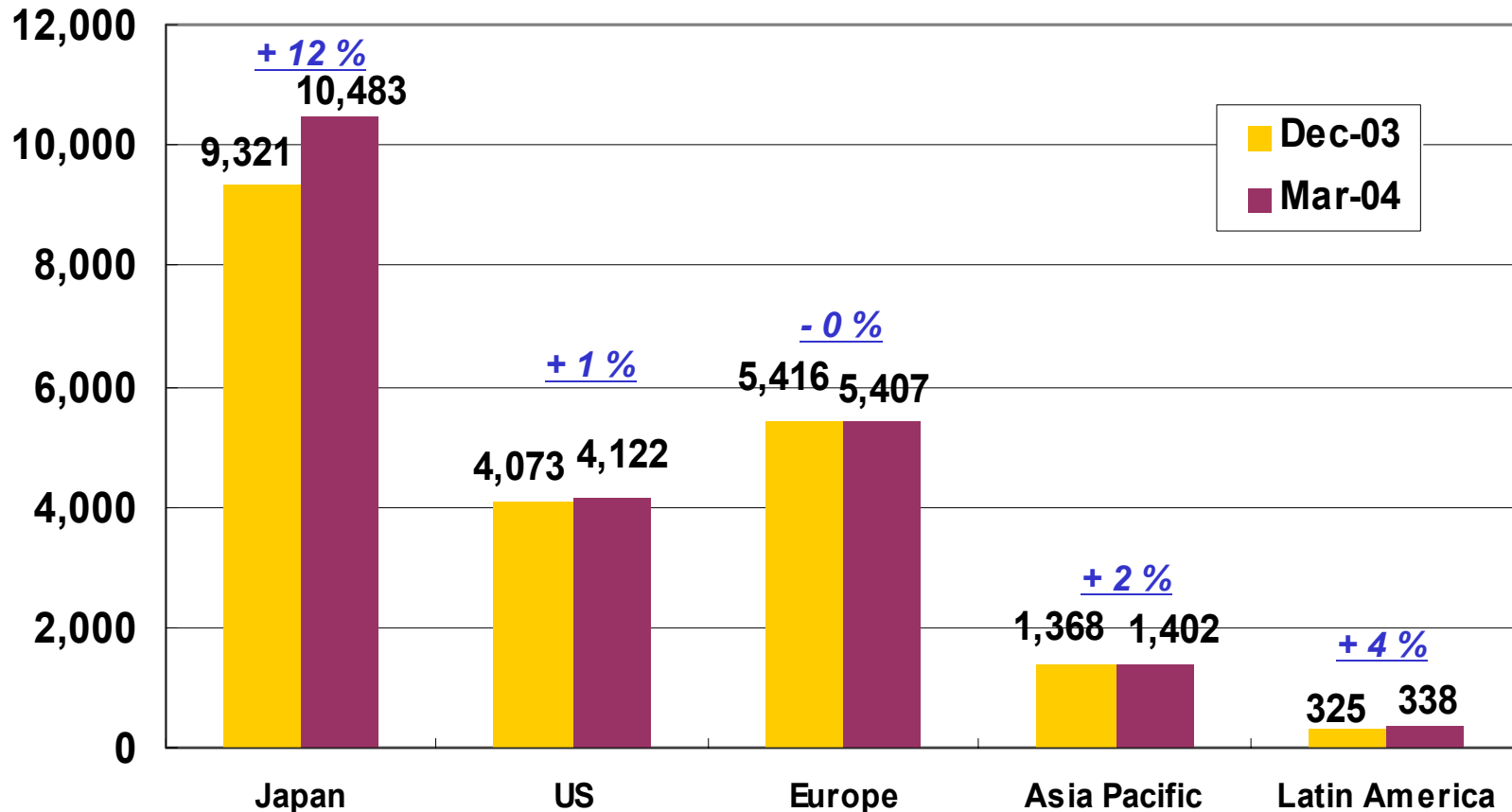


* Total of current and long term
(In accordance with US GAAP)

Deferred Revenue by Region

(unaudited)

(in million Yen)



* Total of current and long term
(In accordance with US GAAP)

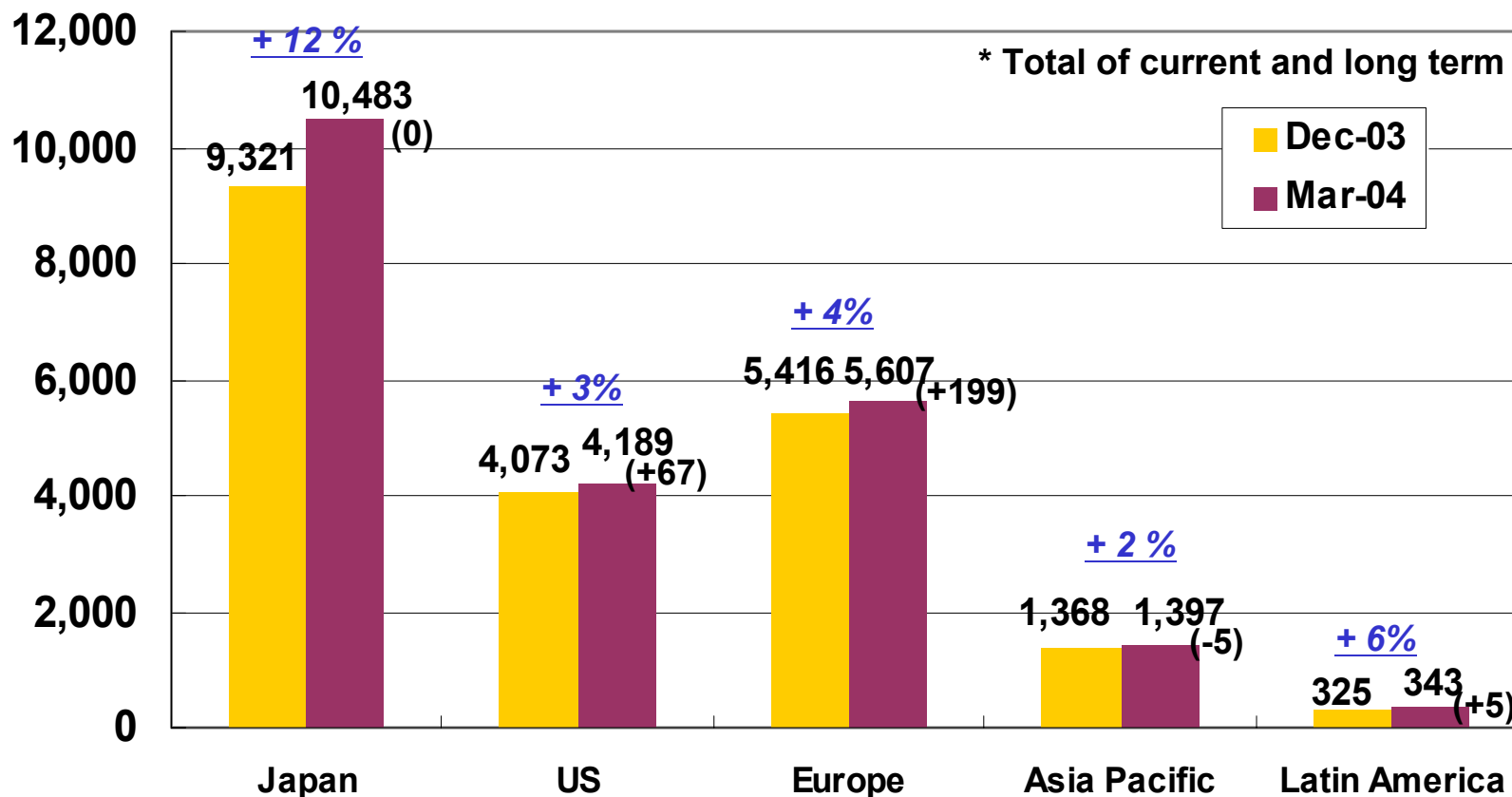
Deferred Revenue by Region

If currency exchange rates used as of the end of 1Q2003 were used as of the end of 1Q2004:

(in million Yen)

* () : difference from GAAP base

(unaudited)



(Non-GAAP)

* Each JPY amount as of the end of 1Q2004 shown above has been calculated by applying to the relevant foreign currency deferred revenue amount as of the end of 1Q2004 the exchange rate between such foreign currency and JPY that was used to convert the deferred revenue amount denominated in such foreign currency as of the end of 1Q2003 into a JPY deferred revenue amount for U.S. GAAP reporting purposes. Deferred revenue of Europe were all reported in Euro. Deferred revenues of Asia Pacific and Latin America were reported in more than one foreign currency.

Balance Sheet

	<i>Dec-2003</i>	<i>change</i>	(unaudited) (in million Yen) <i>Mar-2004</i>
<u>Assets</u>			
<i>Cash & cash equivalents</i>	46,719	- 2,937	43,782
<i>Account receivable</i> <i>(less allowance for doubtful accounts</i> <i>and sales returns)</i>	11,681	- 316	11,365
<i>Marketable securities &</i> <i>Securities investments</i>	10,878	+ 1,025	11,903
<u>Liabilities</u>			
<i>Deferred revenue</i>	20,503	+ 1,249	21,752
<i>Bond (total of current and long-term)</i>	6,500	- 5,000	1,500
<u>Shareholders' Equity</u>			
<i>Treasury Stock</i>	- 4,417	- 281	-4,698

Q2 forecast assumptions

- ***US and EMEA to continue to drive growth, with recovery in APAC***
- ***Network VirusWall/EPSSIII revenues to start contributing***
- ***Weaker consumer revenues***
- ***Additional investments in RD / Support and channel marketing to raise SGA cost base to 8 Bn Yen***
- ***Estimated exchange rate: 1USD = 107yen
1EUR = 129yen***

Projection for 2Q2004

(in million Yen)

	<u>For 2Q2004</u> <u>Apr - Jun, 2004</u>	<u>Expected</u> <u>YoY growth</u>
Net Sales	13,500	<u>19%</u>
Operating Income	4,500	<u>57%</u>
Net Income	2,650	<u>69%</u>

Thank you!