

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending December 31, 2012
<under Japanese GAAP>

Company name: **VeriSign Japan K.K.**
 Listing: Mothers of the Tokyo Stock Exchange
 Stock code: 3722
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Scheduled date to file Quarterly Securities Report: May 10, 2012
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly earnings: None
 Holding of quarterly earnings performance review: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first three months of the fiscal year ending December 31, 2012 (from January 1, 2012 to March 31, 2012)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
March 31, 2012	1,738	4.8	336	(10.8)	348	(11.4)	592	301.9
March 31, 2011	1,658	(7.2)	377	6.8	392	9.5	147	(25.9)

Note: Comprehensive income
 For the first three months ended March 31, 2012: ¥592 million [301.9%]
 For the first three months ended March 31, 2011: ¥147 million [–%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
March 31, 2012	1,325.83	1,325.83
March 31, 2011	327.62	327.62

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2012	16,806	12,476	74.2
December 31, 2011	16,469	12,125	73.6

Reference: Equity
 As of March 31, 2012 ¥12,476 million
 As of December 31, 2011 ¥12,125 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2011	–	0.00	–	540.00	540.00
Fiscal year ending December 31, 2012	–				
Fiscal year ending December 31, 2012 (Forecast)		0.00	–	550.00	550.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year 2012 (from January 1, 2012 to December 31, 2012)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending June 30, 2012	3,570	8.2	500	(31.6)	520	(32.3)	600	63.8	1,343.51
Fiscal year ending December 31, 2012	7,200	6.1	1,400	(3.3)	1,420	(5.6)	1,300	95.4	2,910.95

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

4. Others

- (1) Changes in significant subsidiaries during the first three months ended March 31, 2012 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2012	454,790 shares
As of December 31, 2011	454,790 shares

- b. Number of shares of treasury stock at the end of the period

As of March 31, 2012	8,201 shares
As of December 31, 2011	8,201 shares

- c. Average number of shares during the period

For the first three months ended March 31 2012	446,589 shares
For the first three months ended March 31 2011	449,642 shares

* Indication regarding execution of quarterly review procedures

This quarterly earnings report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly consolidated financial statements are in progress.

* Proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of (3) Qualitative information regarding consolidated earnings forecasts on page 3 for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

[Attached document]

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1. Qualitative information regarding earnings for the first three months

(1) Qualitative information regarding consolidated operating results

In the first quarter of the fiscal year ending December 31, 2012, the overall Japanese economy saw a gradual recovery in corporate production operations and reconstruction efforts after the Great East Japan Earthquake. Meanwhile, with such factors as the European debt problem, the ongoing impact of the strong yen, and rising fuel prices weighing down the economy, the future remains hard to predict. As for capital investment by companies and IT investment in particular, the cautious stance is continuing with new investment and investment periods undergoing reviews.

In the network security market in which the Corporate Group is developing its business, mobile terminals such as smartphones are rapidly becoming more widespread, and the means and opportunities for accessing networks are expanding. Coupled with the penetration of cloud computing, demand for authentication has been growing. Amid a rapid increase in the number of cases involving fraudulent withdrawals in Internet banking and greater numbers of phishing sites, there is heightened demand for Internet security.

In this context, through its provision of a broad range of security solutions centering on digital authentication services, the Corporate Group has been striving to realize a safe and reliable Internet community for both businesses and individuals.

As a result, net sales for the first quarter of the fiscal year ending December 31, 2012, were ¥1,738 million, up 4.8% on the corresponding period of the previous fiscal year. Operating income was ¥336 million (down 10.8%) and ordinary income ¥348 million (down 11.4%). Net income for the quarter amounted to ¥592 million, a 301.9% increase compared with the corresponding period of the previous fiscal year.

Expected from the beginning of the period, ahead of the change from the VeriSign Seal to the Norton Secured Seal, the decreases in operating income and ordinary income were primarily caused by implementing measures to increase awareness of the Company's services and conducting advertising activities.

The significant increase in quarterly net income in the first quarter of the current fiscal period was attributable to a large decrease in income taxes—deferred due to the recording of deferred tax assets.

An overview of operations by business segment is as follows:

Net sales for the SSL Certificates Services decreased 1.4% compared with the same period in the previous consolidated fiscal year, from ¥1,157 million to ¥1,141 million. Demand for this service is solid, and the number of SSL certificates issued held steady. Sales decreased, however, following a termination of sales due to transient demand brought about by changes made to the encryption algorithm that was launched in 2010.

To increase the high value added of VeriSign-brand SSL server certificates, last year we began offering a free bundle of features to major customers. These features include scanning for programs with malicious intent (Malware Scan), displaying the VeriSign Check Mark on Net search results (Seal in Search), and automatic scanning of website vulnerability (Vulnerability Assessment). From the fiscal year under review, we are beginning to offer these features free of charge to all VeriSign-brand SSL server certificate customers, promote the use of newly added features, and maintain the high level of customer satisfaction.

Ahead of the April 2012 change from the VeriSign Seal to the Norton Secured Seal, we have conducted aggressive advertising activities since the start of the year. As a result, we have successfully increased awareness by connecting the VeriSign brand to Symantec Group's Norton brand.

With regard to the issuance of SSL server certificates with domain validation under the low-priced GeoTrust brand, sales have remained robust, and we have increased the number of sales in the same price range.

Net sales for the Identity and Authentication Services went from ¥460 million in the first quarter of

the previous fiscal year to ¥565 million, an increase of 22.8%. As for our mainstay Managed PKI Service, wherein our customer companies carry out authentication on their own of their individual employees, transaction partners, etc., and outsource the user certificate issuance process to us, renewals by existing customers have been positive. In the previous fiscal period, the conservative stance of companies toward IT investment and postponement of new investment resulted in sluggish acquisition of new transactions, but the current consolidated fiscal year is witnessing an increased number of inquiries, and the Company is winning orders. There is also a marked increase in the number of inquiries for “VeriSign Managed PKI for Device,” the device certificates issuance service targeting smartphones and tablet-type terminal smart devices.

Providing centralized security management and authentication for smartphones and mobile devices, VeriSign MDM is highly rated for its superior connectivity with device certificates, meets the needs of customers, and is acquiring orders.

In the context of recent losses arising from improper access and phishing in online banking, financial institutions are growing interested into our services and orders are being received for risk-based authentication, which prevents online fraud. Since the previous fiscal year, we have been expanding services enabling us to offer a combination of one-time passwords and risk-based authentication in the cloud.

On Other Businesses, net sales decreased 21.4% compared with the corresponding quarter of the previous fiscal year, from ¥39 million to ¥31 million, due to the closure of part of its business. Orders are being received for the support for introduction of new generic Top Level Domain (gTLD) and the consulting services, and it is expected that these will contribute to sales.

(2) Qualitative information regarding consolidated financial position

(Assets)

Total assets at the end of the first quarter were ¥16,806 million, an increase of ¥337 million from the ¥16,469 million recorded at December 31, 2011, the end of the previous fiscal year. The increase was attributable to a ¥333 million increase in current assets and a ¥4 million increase in noncurrent assets. Consequently, the ratio of current assets to total assets at the end of the first quarter was 90.9%, an increase of 0.2 of a percentage point over the 90.7% recorded at the end of the previous fiscal year.

The ¥333 million rise in current assets since December 31, 2011, comprised ¥196 million in cash and deposits, ¥42 million in prepaid expenses, and ¥118 million in deferred tax assets.

The main contributory factors in the ¥4 million rise in noncurrent assets were a ¥106 million increase in deferred tax assets, offset by a ¥72 million decrease in long-term prepaid expenses.

(Liabilities)

Total liabilities at the end of the first quarter were ¥4,330 million, a decrease of ¥13 million from the ¥4,343 million recorded at the end of the previous fiscal year. Advance received increased ¥57 million, but the main contributory factors were decreases in provision for bonuses and income taxes payable of ¥47 million and ¥31 million, respectively.

(Net assets)

Total net assets at the end of the first quarter were ¥12,476 million, an increase of ¥350 million from the ¥12,125 million recorded at the end of the previous fiscal year. The increase was attributable to a ¥350 million rise in retained earnings. The equity ratio at the end of the first quarter was 74.2%, an increase of 0.6 of a percentage point from the 73.6% recorded at the end of the previous fiscal year.

(3) Qualitative information regarding consolidated earnings forecasts

Please refer to “Reconsideration of Recoverability of Deferred Tax Assets and Revision to Financial Forecasts” released today May 10, 2012 for the consolidated earnings forecasts for the first six months and the full year of the fiscal year ending December 31, 2012.

2. Matters regarding summary information (others)

(1) Changes in significant subsidiaries during the first three months ended March 31, 2012

No items to report

(2) Application of special accounting for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections

No items to report

(4) Additional information

The Company applies “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ statement No. 24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 issued on December 4, 2009) according to the accounting changes and correction of prior errors implemented effective from the beginning of current quarterly accounting period.

3. Consolidated financial statements
(1) Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2011	As of March 31, 2012
Assets		
Current assets		
Cash and deposits	8,724,929	8,921,193
Accounts receivable-trade	282,599	268,103
Short-term investment securities	3,618,144	3,609,997
Supplies	45,825	44,203
Accounts receivable-other	46,039	48,983
Prepaid expenses	388,101	430,790
Deferred tax assets	1,828,445	1,947,189
Other	10,627	7,452
Allowance for doubtful accounts	(2,783)	(2,594)
Total current assets	14,941,928	15,275,319
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	214,288	204,021
Tools, furniture and fixtures, net	258,891	243,750
Construction in progress	4,791	-
Total property, plant and equipment	477,970	447,772
Intangible assets		
Software	599,924	602,893
Other	1,686	1,686
Total intangible assets	601,610	604,579
Investments and other assets		
Guarantee deposits	250,743	248,273
Long-term prepaid expenses	195,825	123,389
Deferred tax assets	-	106,557
Other	1,000	1,000
Total investments and other assets	447,569	479,219
Total noncurrent assets	1,527,150	1,531,572
Total assets	16,469,078	16,806,892

(Thousands of yen)

	As of December 31, 2011	As of March 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	48,041	34,524
Accounts payable-other	340,632	356,238
Advances received	3,530,241	3,587,498
Income taxes payable	42,561	11,145
Provision for bonuses	96,178	48,905
Other	180,082	208,289
Total current liabilities	4,237,738	4,246,603
Noncurrent liabilities		
Asset retirement obligations	83,844	84,256
Provision for loss on litigation	16,000	-
Deferred tax liabilities	6,408	-
Total noncurrent liabilities	106,252	84,256
Total liabilities	4,343,990	4,330,859
Net assets		
Shareholders' equity		
Capital stock	4,035,856	4,035,856
Capital surplus	4,943,453	4,943,453
Retained earnings	3,440,525	3,791,470
Treasury stock	(294,747)	(294,747)
Total shareholders' equity	12,125,088	12,476,032
Total net assets	12,125,088	12,476,032
Total liabilities and net assets	16,469,078	16,806,892

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)
(cumulative)

(Thousands of yen)

	First three months ended March 31, 2011	First three months ended March 31, 2012
Net sales	1,658,309	1,738,418
Cost of sales	488,087	550,651
Gross profit	1,170,222	1,187,766
Selling, general and administrative expenses	792,516	850,982
Operating income	377,706	336,783
Non-operating income		
Interest income	1,830	7,292
Foreign exchange gains	359	2,012
Miscellaneous income	13,016	1,934
Total non-operating income	15,207	11,238
Non-operating expenses		
Miscellaneous loss	330	1
Total non-operating expenses	330	1
Ordinary income	392,583	348,020
Extraordinary income		
Reversal of provision for loss on litigation	–	16,000
Total extraordinary income	–	16,000
Extraordinary loss		
Loss on retirement of noncurrent assets	–	585
Loss on adjustment for changes of accounting standard for asset retirement obligations	66,528	–
Total extraordinary losses	66,528	585
Income before income taxes and minority interests	326,054	363,435
Income taxes-current	3,197	3,041
Income taxes-deferred	175,541	(231,709)
Total income taxes	178,738	(228,667)
Income before minority interests	147,315	592,102
Net income	147,315	592,102

(Consolidated statements of comprehensive income)
(cumulative)

(Thousands of yen)

	First three months ended March 31, 2011	First three months ended March 31, 2012
Income before minority interests	147,315	592,102
Comprehensive income	147,315	592,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	147,315	592,102
Comprehensive income attributable to minority interests	—	—

(3) Notes on premise of going concern

No items to report

(4) Segment information

For the first three months ended March 31, 2011 and the first three months ended March 31, 2012

The segment information is omitted since the Corporate Group operates a single segment of security services business.

(5) Notes on significant changes in the amount of shareholders' equity

No items to report

(6) Significant subsequent events

No items to report

4. Supplementary information

(1) Production

The description of production results is omitted since our production results are the same as sales results as the production of the Corporate Group comprises such services as digital certificates issuance and consulting.

(2) Orders received

Segment by business	First three months ended March 31, 2012			
	Orders received (Thousands of yen)	Year-on-year change (%)	Balance of orders received (Thousands of yen)	Year-on-year change (%)
Security services business	2,201,292	118.4	5,940,953	108.0
SSL server certificates services	1,303,465	102.1	3,629,570	101.6
Client authentication services	799,561	146.0	2,073,899	111.7
Other services	98,265	275.2	237,483	335.4
Total	2,201,292	118.4	5,940,953	108.0

(Note) The amounts stated above do not include consumption taxes.

(3) Sales

Segment by business	First three months ended March 31, 2012	Year-on-year change (%)
Security services business (Thousands of yen)	1,738,418	104.8
SSL server certificates services (Thousands of yen)	1,141,655	98.6
Client authentication services (Thousands of yen)	565,623	122.8
Other services (Thousands of yen)	31,139	78.6
Total (Thousands of yen)	1,738,418	104.8

(Notes) 1. The amounts stated above do not include consumption taxes.

2. There were no customers who accounted for 10% or more of total sales.