Securities Code: 6740

June 5, 2014

To our shareholders

Shuichi Otsuka
Representative Director and President
Japan Display Inc.
7-1, Nishi-Shinbashi 3-chome, Minato-ku, Tokyo

Notice of the 12th Annual General Meeting of Shareholders

The 12th Annual General Meeting of Shareholders of Japan Display Inc. (the "Company") (hereinafter the "Meeting") will be held as indicated below. You are hereby cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or on the Internet. In that event, please examine the contents of the "Reference Documents for the General Meeting of the Shareholders" attached herein and vote in accordance with the "Guidance on Exercising Voting Rights" on page 7 by 5:30 p.m., Monday, June 23, 2014.

1. Date and Time: Tuesday, June 24, 2014, at 10 a.m. (Reception begins at 9 a.m.)
2. Venue: The Hall on the 2nd floor
   Bellesalle Shiodome
   21-1, Ginza 8-chome, Chuo-ku, Tokyo
3. Purpose of the Meeting

   Matters to be reported:

   1. Business Report, Consolidated Financial Statements, and Audit Reports for the Consolidated Financial Statements by the Independent Auditor and the Board of Company Auditors, for the 12th Fiscal Year (from April 1, 2013 to March 31, 2014)
   2. Non-consolidated Financial Statements for the 12th Fiscal Year (from April 1, 2013 to March 31, 2014)

   Matters to be resolved:

   Proposal No. 1: Election of six (6) Directors

   Proposal No. 2: Election of one (1) Company Auditor

   Proposal No. 3: Revision of the amount of remuneration paid to Company Auditors

4. Matters regarding exercise of voting rights

(1) If you exercise your voting rights by proxy, such proxy shall present to the receptionist a power of attorney with the voting form. Please note the proxy must be one other shareholder having voting rights in the Company.

(2) If split votes are cast, a written notice of the diverse exercise of voting rights and the reasons thereof must be sent to the shareholder registry administrator by three (3) days in advance of the Annual General Meeting of Shareholders.

(3) In the event of a duplicate vote, one cast via the Internet, etc. and the other cast in writing, the Company shall consider the vote cast via the Internet, etc. to be the valid one.

(4) In the event you exercise your voting rights more than once using the Internet, etc., the Company shall consider the last vote cast to be the valid one. If you exercise your voting rights more than once via personal computer, smartphone and cellular phone, the last vote cast will take precedence.

○ When attending at the Meeting, you are kindly requested to present the enclosed voting form to the receptionist. For the purpose of resource-saving, please bring this notice with you.

○ Any modifications to the Reference Documents for the General Meeting of the Shareholders, Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements shall be posted on the Company's website.

The Company's website (http://www.j-display.com/)

○ After the closing of the Meeting, the Business Presentation Meeting will be held in the same place. We would very much like you to stay on and attend this meeting. In the event that the Meeting is prolonged or by other reasons, however, the period of time of this meeting may be reduced or this meeting may be even cancelled.

○ For your information, please note that no gift will be provided for attendants at the Meeting.

Reference Documents for the General Meeting of the Shareholders

Proposal No. 1: Election of six (6) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, it is hereby requested that six (6) Directors be elected.

The candidates for Director of the Company are as follows:

Candidate number	Name (Date of birth)	Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company	Number of shares of the Company owned
1 Re-elected	Shuichi Otsuka (September 3, 1951)	Nov. 1980 Entered Texas Instruments Japan Limited Jan. 1998 Joined Sony Corporation Apr. 2001 President of the System Device Company of Sony Corporation’s Semiconductor Network Company Oct. 2002 Joined Elpida Memory, Inc. Mar. 2004 Director and COO of Elpida Memory, Inc. Jun. 2011 Retired as Director of Elpida Memory, Inc. Dec. 2011 Representative Director of Japan Display Integration Preparatory Inc. (the former Japan Display Inc.*) Mar. 2012 Director of the Company Apr. 2013 Representative Director and President, CEO of the Company (current position)	6,000
2 Re-elected	Shuji Aruga (March 22, 1959)	Apr. 1983 Entered Suwa Seikosha Co., Ltd. (now Seiko Epson Corporation) Dec. 2006 Executive Officer of Seiko Epson Corporation President and Representative Director of Epson Imaging Devices Corporation Dec. 2009 Director and Executive Vice President of Sony Mobile Display Corporation Apr. 2011 President and Representative Director of Sony Mobile Display Corporation Managing Director of the mobile display business of Sony Corporation’s Professional Devices Solutions Group Mar. 2012 Executive Officer and Chief Business Officer of the former Japan Display Inc.* Apr. 2013 Executive Officer and Chief Business Officer of the Company (Division Manager of the Mobile Business) (current position) Nov. 2013 Director of the Company (current position)	4,000
3 Re-elected	Koichiro Taniyama (November 23, 1969)	Apr. 1992 Entered Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.) Sep. 2001 Joined Carlyle Japan LLC as Senior Associate Jan. 2004 Vice President of Carlyle Japan LLC Jan. 2007 Director of Carlyle Japan LLC Jul. 2009 Joined Innovation Network Corporation of Japan (INCJ) as Managing Director Sep. 2011 Representative Director of Japan Display Integration Preparatory Inc. (the former Japan Display Inc.*) Mar. 2012 Outside Director of the Company (current position) Jun. 2012 Executive Managing Director of INCJ (current position)	0

Candidate number	Name (Date of birth)	Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company	Number of shares of the Company owned
4 Re-elected	Yoshimitsu Kobayashi (November 18, 1946)	Dec. 1974 Entered Mitsubishi Kasei Corporation (now Mitsubishi Chemical Corporation) Jun. 2003 Executive Officer of Mitsubishi Chemical Corporation; President and CEO of Mitsubishi Kagaku Media Co., Ltd. Jun. 2006 Member of the Board of Mitsubishi Chemical Holdings Corporation; Managing Executive Officer of Mitsubishi Chemical Corporation; President and CEO of Mitsubishi Chemical Group Science and Technology Research Center, Inc. Apr. 2007 Member of the Board, President & Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (current position); Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation (current position) Apr. 2012 Member of the Board, Chairman of Mitsubishi Chemical Corporation (current positions) Jun. 2012 Outside Director of the former Japan Display Inc.* Outside Director of Tokyo Electric Power Company, Incorporated (current position) Apr. 2013 Director of the Company (current position)	0
5 Re-elected	Katsuhiko Shirai (September 24, 1939)	Apr. 1965 Outside Research Associate, School of Science & Engineering, Waseda University Apr. 1975 Professor, School of Science & Engineering, Waseda University Nov. 1994 Dean, Academic Affairs and Executive Director, International Center, Waseda University Nov. 1998 Vice President of Waseda University Nov. 2002 President and Chairman of Waseda University Nov. 2010 Advisor on educational issues for Waseda University (current position) Apr. 2011 Chairman of The Open University of Japan (current position) Jun. 2012 Outside Director of the former Japan Display Inc.* Outside Director of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position) Apr. 2013 Outside Director of the Company (current position)	0
6 Re-elected	Hiroshi Kanno (November 14, 1958)	Apr. 1983 Entered Nikken Sekkei Ltd. Sep. 1991 Joined Boston Consulting Group, lastly served as Partner and Managing Director Jul. 2008 Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University (current position) Apr. 2012 Dean of the Graduate School of International Corporate Strategy, Hitotsubashi University Oct. 2012 Outside Director of the former Japan Display Inc.* Apr. 2013 Outside Director of the Company (current position)	0

* A special purpose entity formed in preparation for the integration of the display business of Sony Corporation, Toshiba Corporation and Hitachi Ltd.

Notes: 1. The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 (trade name adopted in March 30, 2012, by Japan Display Integration Preparatory Inc.) is noted as the former Japan Display Inc.

2. No conflict of interest exists between the Company and each of the above candidates.

3. Messrs. Koichiro Taniyama, Yoshimitsu Kobayashi, Katsuhiko Shirai and Hiroshi Kanno are candidates for Outside Director.

   (1) Mr. Koichiro Taniyama was selected as candidate for Outside Director based on his wealth of experience and knowledge in a wide range of investment businesses, and we would like for him to use these to help the management of the Company.

   (2) Mr. Yoshimitsu Kobayashi was selected as candidate for Outside Director based on his wealth of experience and knowledge as an executive at a large company, and we would like for him to use these to help the management of the Company.

   (3) Mr. Katsuhiko Shirai was selected as candidate for Outside Director based on his wealth of experience and knowledge as a doctor of engineering and as an educational institution administrator, and we would like for him to use these to help the management of the Company. Although Mr. Shirai does not have experience being involved in managing a company other than as an outside director, we believe that, for the above reasons, he will be able to appropriately perform his duties as an Outside Director.

   (4) Mr. Hiroshi Kanno was selected as candidate for Outside Director based on his wealth of experience as a management consultant and his expertise as a researcher of corporate strategic planning, and we would like for him to use these to help the management of the Company.

4. Messrs. Koichiro Taniyama, Yoshimitsu Kobayashi, Katsuhiko Shirai and Hiroshi Kanno are currently Outside Directors of the Company. As of the conclusion of this Annual General Meeting of Shareholders, including their respective terms as Outside Directors of the former Japan Display Inc., Mr. Taniyama will have served for 2 years and 3 months, Mr. Kobayashi and Mr. Shirai will both have served for 2 years, and Mr. Kanno will have served for 1 year and 8 months.

5. The Company has entered into an agreement with Mr. Taniyama, Mr. Kobayashi, Mr. Shirai and Mr. Kanno to limit their liabilities of damages of Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The maximum amount of liabilities of damages under the said agreement is the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act. If their reelection is approved, the Company will continue the agreement with them.

6. The Company has designated Messrs. Yoshimitsu Kobayashi, Katsuhiko Shirai and Hiroshi Kanno as independent directors/auditors pursuant to the regulations of the Tokyo Stock Exchange. If their election is approved, the Company will continue their designation as independent directors/auditors.

Proposal No. 2: Election of one (1) Company Auditor

The Company proposes the addition of one (1) Company Auditor to reinforce the audit system of the Company and it is hereby requested that one (1) Company Auditor be elected.

The Board of Company Auditors has consented to this proposal. The candidate for Company Auditor is as follows:

<table>
<tr><th>Name
(Date of birth)</th><th colspan="2">Career summary and position at the Company
and significant concurrent positions outside the Company</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="8">Yukihiro Sato
(December 27, 1952)</td><td>Apr. 1977</td><td>Entered Hitachi, Ltd.</td><td rowspan="8">2,000</td></tr>
<tr><td>May 2001</td><td>General Manager, Mobara Manufacturing Division, the Display Group of Hitachi, Ltd.</td></tr>
<tr><td>Oct. 2002</td><td>Director and General Manager, Manufacturing Division of Hitachi Displays Ltd.</td></tr>
<tr><td>Apr. 2008</td><td>Director and General Manager, Sales Group of Hitachi Displays Ltd.</td></tr>
<tr><td>Oct. 2008</td><td>Executive Director and General Manager, Sales Department of Hitachi Displays Ltd.</td></tr>
<tr><td>Oct. 2010</td><td>Executive Director, CTO and head of the Mobara Office of Hitachi Displays Ltd.</td></tr>
<tr><td>Mar. 2012</td><td>Executive Officer and Chief Business Officer of the former Japan Display Inc.</td></tr>
<tr><td>Apr. 2013</td><td>Executive Officer and Chief Business Officer of the Company(current position)</td></tr>
</table>

Note: There is no relationship of special interest between any of the candidates and the Company.

Proposal No. 3: Revision of the amount of remuneration paid to Company Auditors

At an Extraordinary General Meeting of Shareholders on March 27, 2013, it was determined that the amount of remuneration for Company Auditors shall be no more than ¥50 million per year.

As the number of Company Auditors will increase by one if Proposal No. 2 (Election of one [1] Company Auditor) is approved as proposed, and to strengthen the audit system in order that the Group may achieve sustained growth in the future, we would like to propose that the amount of remuneration for Company Auditors be revised to no more than ¥70 million per year.

Currently, the Board of Company Auditors consists of three members, of whom two are Outside Company Auditors. If Proposal No. 2 (Election of one [1] Company Auditor) is approved as proposed, the number of Company Auditors will increase to four (of whom two will be Outside Company Auditors).

Guidance on Exercising Voting Rights

Voting rights can be exercised through the following 3 methods.

Attendance at Shareholders' Meeting

Please bring the enclosed voting form and submit it to the receptionist. (You do not need to affix your personal seal.)

Date and Time: Tuesday, June 24, 2014, at 10 a.m. (Reception begins at 9 a.m.)

Venue: The Hall on the 2nd floor, Bellesalle Shiodome

Exercising Voting Rights by Mail

Please indicate your vote for or against each of the proposals on the enclosed voting form, and send via post without attaching stamp.

Exercise Deadline: Must be received by 5:30 p.m. on Monday, June 23, 2014

Exercising Voting Rights on the Internet, etc.

Use a personal computer, smartphone or mobile phone to access the voting website (http://www.web54.net) operated by the Company's shareholder registry administrator. Enter your "Voting Rights Exercise Code" and "Password" noted on the enclosed voting form. Follow the instructions provided and enter whether you are for or against each item. Please refer to page 8 for notes on the exercise of voting rights on the Internet, etc.

Exercise Deadline: 5:30 p.m. on Monday, June 23, 2014

Inquiries on system, etc.

Sumitomo Mitsui Trust Bank, Limited

Securities Agent Web Support Hotline (dedicated line)

Telephone: 0120-652-031
(Business hours: 9 a.m. to 9 p.m. excluding Saturdays, Sundays and National Holidays)

Voting Rights Electronic Exercise Platform

Institutional investors may use the "Voting Rights Electronic Exercise Platform" operated by ICJ Inc. for this General Meeting of Shareholders as a means of exercising voting rights electromagnetically.

Notes on the exercise of voting rights on the Internet, etc.

When exercising voting rights on the Internet, please be aware of the following before casting your vote.

1. Use of the password and voting right exercise code
   (1) The password is an important means to verify the identity of persons exercising their voting right as the shareholders in question. Please be sure to keep the password, as well as your registered seal and security code, in a safe place.
   (2) If you repeatedly enter the wrong password, the Internet-based voting system will be locked after a designated number of incorrect entries, rendering further operation unavailable. To have your password reissued, follow the instructions shown on the screen.
   (3) The voting right exercise code supplied on the enclosed voting form is valid only for this General Meeting of Shareholders.
2. Exercise of voting rights
   (1) You are responsible for paying any fees, such as connection fees to Internet providers and communication fees to telecommunications providers in order to use the website for exercising your voting rights. If you use a smartphone or mobile phone, you are also responsible for paying any fees, such as packets communication charges and any other charges required for using a mobile phone.
   (2) Although your vote on the Internet will be accepted until 5:30 p.m., Monday, June 23, 2014, we ask that you please exercise your voting rights at your earliest convenience.

System requirements

If you exercise your voting rights on the Internet, etc., please confirm your Internet environment meet the following requirements.

1. Accessing the voting website through PCs
   (1) The PC’s monitor resolution must be at least 800 x 600 pixels (wide by long − SVGA).
   (2) The following applications must be installed on the PC:
      i) As your web browser, Microsoft® Internet Explorer Ver. 5.01 SP2 or later
      ii) As your PDF file viewer, Adobe® Acrobat® Reader® Ver. 4.0 or later, or Adobe® Reader® Ver. 6.0 or later
      * Internet Explorer, Adobe® Acrobat® Reader® and Adobe® Reader® are registered trademarks, trademarks, or product names of Microsoft Corporation of the United States and Adobe Systems Incorporated of the United States, respectively, in the United States and other countries.
      * These kinds of software are distributed electronically through the website of each company free of charge.
   (3) If you use the “pop-up blocker” function on your web browser or by other means such as an add-in tool, please ensure that the function is disabled (or temporarily disabled), and that the voting site has permission to use “cookies” in your web privacy settings.
   (4) If you cannot access the site above, please check the settings of your firewall, proxy server, antivirus software, and the like, as the configuration of this software could restrict connection to the Internet.

2. Accessing the voting website through smartphone terminals or mobile phone terminals

   Either of the following services must be available, and models to be used must be those capable of 128 bit SSL (Secure Socket Layer) and encrypted communication.

   (i) i-mode (ii) EZweb (iii) Yahoo! Keitai

   * The above are either trademarks, registered trademarks or service names of the companies in parentheses: i-mode (NTT DOCOMO, Inc.), EZweb (KDDI Corporation), Yahoo! (Yahoo! Inc. of the United States) and Yahoo! Keitai (Softbank Mobile Corp.), respectively.
   * Regardless of whether the mobile phone fulfill the above conditions, when you access the voting website via a full browser application by mobile phone, or by using a phone system as only for data communication terminal to access through PC, or by using smartphone, such access means will be taken as equivalent to voting using a PC.

Please contact the Hotline of Sumitomo Mitsui Trust Bank, Limited for inquiries about voting on the Internet, etc.

(Attached Documents)

Business Report (April 1, 2013 to March 31, 2014)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

i) Operating performance

In the fiscal year ended March 31, 2014, the small- to medium-sized display market was robust in conjunction with the expansion of the smartphone and tablet device markets. In the smartphone market, demand rose for low temperature polycrystalline silicon (LTPS) displays with high-resolution and large-size screen, such as 5-inch class Full-HD (1920 × 1080 pixels) displays. In particular, in China, where conspicuous smartphone market growth continues, in tandem with the spread of low-priced smartphones, infrastructure upgrades compatible with high-speed communications have been made. This has generated increased needs for large-screen and high-resolution smartphones, and in response many of Chinese device manufacturers have released smartphones featuring high-end displays. Also, the use of displays featuring LTPS technology, such as HD720 (1280 × 720 pixels), has expanded in the mid-price range smartphone market in China. Display resolutions have increased in the tablet device market as well, and devices with displays of 7-inches with more than 300 ppi (*) have been brought to the market.

(*) ppi: An abbreviation for pixels per inch. It is the unit indicating the density of pixels per inch. A pixel is the smallest unit for a display's image.

Against this backdrop, shipments of the Japan Display Inc. (JDI) Group's displays for smartphones increased amid heightened demand from key customers and the start of high-resolution display sales to new Chinese customers. In addition, we began shipments of the world's first high-resolution LTPS LCDs for tablet devices in the fiscal second quarter. In response to the increase in demand for high-resolution displays, in June 2013 we began mass production of LTPS LCD panels on the 6th generation LCD panel production line at the Mobara Plant (using 1,500 mm × 1,850 mm glass substrates), and started shipping products made on this line from the fiscal second quarter. In addition, as a part of our strategy to bolster the automobile display business, in March 2014 production of displays for automobiles was consolidated at the Tottori Plant, and the Ishikawa Plant's 3G amorphous silicon (a-Si) LCD panel production line was closed.

As a result, in the fiscal year ended March 31, 2014, we reported net sales of ¥614,567 million, operating income of ¥27,624 million, ordinary income of ¥19,072 million, and net income of ¥33,918 million.

On April 1, 2013, Japan Display East Inc. (trade name changed to Japan Display Inc. on the same day) merged with the former Japan Display Inc., Japan Display Central Inc., Japan Display West Inc. and Japan Display East Products Co., Ltd., with Japan Display East Inc. as the surviving entity. As a result, we have not performed a comparative analysis with the previous fiscal year.

Because the JDI Group has a single segment operating segment, we disclose net sales by product application category. The status by field is discussed below.

Mobile business

This category includes displays for smartphones, tablet devices, and mobile phones. Net sales in the fiscal year ended March 31, 2014, in the mobile business totaled ¥476,616 million, accounting for 77.6% of overall net sales.

In the fiscal year ended March 31, 2014, there was strong growth in sales of high-resolution LTPS LCDs, including 5-inch full HD displays with a resolution of 1920 × 1080 pixels and a pixel density of 441 ppi, an area that the JDI Group excels in. Also, we commenced shipments of high-resolution LTPS LCDs for tablet devices from the fiscal second quarter. Meanwhile, in the fiscal fourth quarter, in addition to a seasonal decline in net sales, there were delays in the delivery of some products, and shipments were in some cases pushed back because of tough pricing negotiations along with a drop in market prices for displays for smartphones.

Automotive, C&I and other businesses

This category includes displays for automotive electronics, displays for consumer products, such as digital cameras and game devices, displays for industrial equipment, such as medical monitors, and certain other revenue sources including intellectual property revenue. In the fiscal year ended March 31, 2014, net sales in the Automotive, C&I and other businesses totaled ¥137,951 million, accounting for 22.4% of overall net sales.

In the fiscal year ended March 31, 2014, sales of displays for automotive electronics were strong, backed by robust sales of automobiles in countries such as the United States and China, and an increase in the number of displays installed per car. On the other hand, sales of displays in the C&I category languished as a result of the contraction of the digital camera and game device markets due to the growth of the smartphone market.

ii) Capital investments

The JDI Group’s total capital investments during the fiscal year ended March 31, 2014, was ¥114,666 million. The main item was the ¥85,913 million investment to enhance production equipment at the Mobara Plant’s new production line.

iii) Financing

Through the domestic public offering with the payment date of March 18, 2014 (public offering using book-building method) and the offering in international markets (with the offering in the United States restricted to sales to qualified institutional buyers under Rule 144A of the U.S. Securities Act), the Company issued 140,000,000 shares (at an subscription price of ¥879.75 per share) and raised a total of ¥123,165 million. In addition, ¥23,796 million of short-term borrowings from financial institutions were procured during the fiscal year as necessary funds for the JDI Group. After the repayment of ¥19,452 million of this amount, the balance of short-term loans payable amounts to ¥4,524 million as of March 31, 2014.

(2) Financial position and profit/loss

i) Financial position and profit/loss of the JDI Group

	9th fiscal year	10th fiscal year	11th fiscal year	12th fiscal year
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Net sales (Millions of yen)	–	133,974	165,144	614,567
Operating income (loss) (Millions of yen)	–	(3,890)	10,106	27,624
Ordinary income (loss) (Millions of yen)	–	(7,237)	8,549	19,072
Net income (loss) (Millions of yen)	–	(2,560)	3,555	33,918
Net income (loss) per share (Yen)	–	(21.32)	29.61	135.09
Total assets (Millions of yen)	–	94,494	115,034	758,975
Net assets (Millions of yen)	–	(13,426)	(3,481)	405,144
Net assets per share (Yen)	–	(112.44)	(29.63)	673.28

Notes: 1. Starting from the 12th fiscal year (the fiscal year ended March 31, 2014), the JDI Group is preparing the consolidated financial statements stipulated in Article 444 of the Companies Act. Figures for the 10th and 11th fiscal years show consolidated financial statements audited pursuant to Article 193-2(1) of the Financial Instruments and Exchange Act, and have not been audited by Company Auditors or an independent auditor as stipulated in Article 444(4) of the Companies Act. Moreover, figures for the 9th fiscal year have not been disclosed due to the fact that consolidated financial statements were not prepared for the period.

2. Starting from the 10th fiscal year (the fiscal year ended March 31, 2012), the JDI Group adopted "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No. 2, published June 30, 2010), "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, published June 30, 2010), and "Practical Solution on Accounting for Earnings Per Share" (ASBJ Practical Issues Task Force [PITF] No. 9, published June 30, 2010).

   The Company executed a 100-for-1 stock split of common shares on January 28, 2014. Net income and net loss per share have been calculated assuming that this stock split was executed at the start of the 10th fiscal year.

3. Financial results for the 10th and 11th fiscal years are the consolidated financial results of the pre-merger Japan Display East, not the results of former JDI.

ii) Financial position and profit/loss of the Company

	9th fiscal year	10th fiscal year	11th fiscal year	12th fiscal year
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Net sales (Millions of yen)	143,648	133,151	108,907	590,880
Operating income (loss) (Millions of yen)	(3,510)	(8,813)	4,236	13,913
Ordinary income (loss) (Millions of yen)	(1,999)	(8,846)	4,642	7,565
Net income (loss) (Millions of yen)	(6,171)	(2,156)	(6,624)	30,395
Net income (loss) per share (Yen)	(5,138.90)	(17.95)	(55.16)	121.06
Total assets (Millions of yen)	97,599	88,700	80,512	704,890
Net assets (Millions of yen)	(22,168)	(24,324)	(30,949)	352,401
Net assets per share (Yen)	(18,458.92)	(202.54)	(257.70)	586.57

Notes:
1. Starting from the 10th fiscal year (the fiscal year ended March 31, 2012), the JDI Group adopted "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No. 2, published June 30, 2010), "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, published June 30, 2010), and "Practical Solution on Accounting for Earnings Per Share" (ASBJ Practical Issues Task Force [PITF] No. 9, published June 30, 2010).

   The Company executed a 100-for-1 stock split of common shares on January 28, 2014. Net income and net loss per share have been calculated assuming that this stock split was executed at the start of the 10th fiscal year.

2. Financial results for the 9th, 10th and 11th fiscal years are the consolidated financial results of the pre-merger Japan Display East, not the results of former JDI.

(3) Significant parent company and subsidiaries

i) Parent company

Not applicable.

ii) Significant subsidiaries

Name	Capital	Percentage of voting rights held by the Company	Main business
JDI Display America, Inc.	US$200 thousand	100.0	Sales of small- to medium-sized displays
JDI Europe GmbH	€5,000 thousand	100.0	Sales of small- to medium-sized displays
JDI China Inc.	US$2,500 thousand	100.0	Sales of small- to medium-sized displays
JDI Hong Kong Limited	HK$1,500 thousand	100.0	Sales of small- to medium-sized displays
JDI Taiwan Inc.	NT$5,000 thousand	100.0	Sales of small- to medium-sized displays
JDI Korea Inc.	KRW 600 million	100.0	Sales of small- to medium-sized displays
Taiwan Display Inc.	NT$30,000 thousand	100.0	Sales of small- to medium-sized displays, etc.
Suzhou JDI Devices Inc.	US$45 million	100.0	Backend of LCD production
Suzhou JDI Electronics Inc.	CNY 1,043 million	100.0	Backend of LCD production
Shenzhen JDI Inc.	US$22 million	78.2	Production and sales of backlight units for liquid crystal displays
Nanox Philippines Inc.	¥954 million	81.0	Backend of LCD production; Sales of small- to medium-sized displays
Kaohsiung Opto-Electronics Inc.	NT$500 million	100.0	Design and assembly of LCD modules

Notes: 1. Nanox Philippines Inc. became a consolidated subsidiary of JDI following JDI's acquisition of 81.0% of the company's outstanding shares on June 1, 2013.

2. Taiwan Display Inc. was established on November 1, 2013, and is a wholly-owned, consolidated subsidiary of JDI.

(4) Issues to address

In the growing small- to medium-sized display market, the JDI Group has positioned the following issues as matters of the utmost importance, and will prioritize efforts to address these issues in order to maintain a competitive advantage and continue to achieve growth and maximize profits.

i) Growth of Market Share

The small- to medium-sized display market has continued to grow year by year, and demand for high-resolution displays tends to increase in particular. The JDI Group aims to achieve continuous growth and further expand its market share in the industry. In the small- to medium-sized display industry, market share expansion is critical in order to realize continual growth by quickly recovering investments in development and capital expenditure for subsequent reinvestment.

The JDI Group specializes in small- to medium-sized displays. By using a business model whereby there is no manufacturer of finished products within the Group, and by leveraging the wide customer base, as well as by building production capacity for LTPS technology ahead of our competitors, the Group aims to create new LTPS markets and grow its market share in the small- to medium-sized display market. To achieve this, the Group has established sales subsidiaries and marketing departments in key regions of Japan and overseas, and has expanded its direct-sales network in order to form a platform that allows it to provide quick and careful services to clients around the world. This has enabled the Group to enhance its technological proposals to customers and reflect these proposals more quickly into its production plans, which has contributed to winning new customers, an increase in design-in, and improving the level of customer satisfaction.

Going forward, as the pillars of renewed strategy, we will work to strengthen our businesses for smartphones in the fast-growing China market and also for tablet devices, which have begun to adopt more high-resolution displays following the smartphones, in addition to the automobile display market, where the number of displays per car is expected to increase. In particular, in China, we will bolster our sales, design and quality support capabilities through Taiwan Display Inc., a Taiwanese subsidiary we established in November 2013, and its Chinese subsidiary, in order to expand the use of LTPS displays in mid-priced smartphones, which comprises the volume zone for sales.

ii) Investment in Cutting-Edge Production Equipment

As the small- to medium-sized display market grows, it is necessary to invest in production lines supporting cutting-edge technologies and with high production efficiency, in order to respond to customers' demands and maintain and increase revenue.

The JDI Group launched mass production at the Nomi Plant on the Ishikawa site in June 2012, and launched mass production on the new production line at the Mobara Plant in June 2013, which currently gives it the world's largest LTPS LCD panel production capacity [Note]. The Mobara Plant's new production line was constructed using a ¥200 billion investment in the Company from Innovation Network Corporation of Japan (INCJ). The new production line in Mobara Plant is capable of manufacturing displays using 6G (1,500 mm ×1,850 mm) glass substrates, currently the largest glass substrates supported by any LTPS production line, and aims to provide high production efficiency, and we expect to have a large-scale production capacity [Note] of up to 50,000 sheets per month in fiscal 2014. 6G glass substrates have an area roughly 4 times larger than the 4.5G used on the existing production line at Mobara Plant. Because they greatly increase the number of LCD panels acquired per sheet, the cost per panel can be reduced. Furthermore, with the introduction of cutting-edge manufacturing equipment on the new production line, when the production line becomes more proficient, factors such as the increase in yield and shortening of the cycle time will contribute to further cost reductions, as well as make it possible to realize evolving technologies and raise the quality of products.

When the Mobara Plant's new production line commenced mass production in June 2013, we planned to produce 24,000 sheets per month in the near term, but we are currently in the process of enhancing the production equipment with an aim to operate at the maximum monthly production capacity of 50,000 sheets in fiscal 2014. By investing in cutting-edge production line ahead of our competitors, we are working to create a platform that allows us to provide competitive products to the market in a timely manner. Going forward, we will consider opening a new production line if demand is expected to grow such that new capital investment is warranted.

Note: Source: NPD Display Search (January 2014)

iii) Investment in Research and Development

As electronics devices have become increasingly sophisticated, in the small- to medium-sized display industry, demand has grown for products requiring complex and difficult technologies, such as providing high resolution while also featuring low power consumption and thin frames. Currently, progress is being made on technological innovations in areas such as new materials and production technologies that will enable such products to be developed. Amid this environment, in order to continue to respond to the needs of the evolving market, it has become absolutely necessary for display manufacturers to maintain and upgrade their technological capabilities as well as continually pursue technological innovations. As such, investment in research and development to achieve these pursuits has become increasingly important.

The JDI Group's basic policy with respect to research and development is to continually advance LTPS LCD technologies, which are our strength, and to pursue innovative technologies capable of creating paradigm shifts. The Research and Development Division, Production Division, Mobile Business Division, and the Automobile and C&I Businesses Division work together on development programs. Research and development funds are invested in a concentrated manner, both in carefully-selected research areas directly linked to revenues in the immediate future, as well as research areas that will contribute to future profits. Research and development personnel are allocated appropriately. Specifically, we will pursue strengths in terms of increasingly high resolutions, low power consumption, and narrow borders in our LTPS LCD technologies, and will continue to aggressively invest in development in order to differentiate our technologies from others' technologies. Meanwhile, in light of the possibility for advances in OLED display technology and oxide semiconductor technology, the JDI Group will invest in the research and development of these technologies as well. In the area of OLED display technology, in particular, we are conducting research and development with a view to develop thin and light sheet displays. We have built an experimental production line for OLED displays at the Ishikawa site. Going forward, we will proactively work with universities, public research institutions, component and device manufacturers, and technology venture companies to pursue joint development of both elemental technologies and next generation technologies, as we strive to realize additional technological progress.

iv) Further Enhancement of Cost Competitiveness

In the small- to medium-sized display market, companies' financial resources, as well as the industrial policies and foreign currency movements in the countries in which the displays are produced, have an impact on the global competitive environment. Therefore, it is important issues for the JDI Group to secure cost competitiveness against companies with sites in countries with low labor and infrastructure costs, and maintain a competitive advantage in the global market. In addition, due to the fluctuation in demand for displays used in consumer products such as mobile devices, lowering production plants' break-even operating rates is also an important issue.

The JDI Group began initiatives to reduce costs throughout the Group in April 2012, immediately following the integration of display business. Key areas that will contribute to reducing manufacturing costs, component procurement costs, and administrative division costs are identified and each division works to cut costs in each of these areas. In addition, senior management regularly monitors the status of cost reductions. This effort has resulted in a decline in the ratio of selling, general and administrative expenses to net sales, as well as a reduction in component procurement costs, compared to immediately following the integration. In addition, by performing benchmarking among the production lines, production yields have increased while manufacturing costs have declined on existing production lines as compared to immediately following the integration.

Going forward, the JDI Group will continue to pursue additional manufacturing cost competiveness through such initiatives as:

(i) boosting the production capacity and yield of Mobara Plant's new production line;
(ii) self-manufacturing or changing components;
(iii) reducing the number of components by means such as combining a few ICs into a single chip; and
(iv) launching full-scale operation of a domestic automatic back-end production lines.

We will also consider eliminating and consolidating old-style production lines with consideration of trends in demand. As a part of this elimination and consolidation, in fiscal 2012 production on the Mobara Plant's amorphous silicon production line was partially stopped, while during fiscal 2013 the Ishikawa site's amorphous silicon production line was shut down.

(5) Main business (As of March 31, 2014)

The JDI Group's main business is the development, design, production and sale of small- and medium-sized display devices and related products.

(6) Major offices and plants (As of March 31, 2014)

i) The Company's offices and plants

Headquarters		Minato-ku, Tokyo
Western Japan Office		Osaka City, Osaka
Ebina Office		Ebina City, Kanagawa
Matsumoto Office		Matsumoto City, Nagano
Tottori Plant		Tottori City, Tottori
Higashiura Plant		Higashiura Town, Chita County, Aichi
Ishikawa Site	Ishikawa Plant	Kawakita Town, Nomi County, Ishikawa
	Nomi Plant	Nomi City, Ishikawa
Fukaya Plant		Fukaya City, Saitama
Mobara Plant		Mobara City, Chiba

ii) Major subsidiaries' offices and plants

JDI Display America, Inc.	Headquarters: U.S.A.
JDI Europe GmbH	Headquarters: Germany
JDI China Inc.	Headquarters: China
JDI Hong Kong Limited	Headquarters: Hong Kong
JDI Taiwan Inc.	Headquarters: Taiwan
JDI Korea Inc.	Headquarters: South Korea
Taiwan Display Inc.	Headquarters: Taiwan
Suzhou JDI Devices Inc.	Headquarters: China
Suzhou JDI Electronics Inc.	Headquarters: China
Shenzhen JDI Inc.	Headquarters: China
Nanox Philippines Inc.	Headquarters: Philippines
Kaohsiung Opto-Electronics Inc.	Headquarters: Taiwan

(7) Employees (As of March 31, 2014)

Employees of the corporate group

Number of employees	Increase (decrease) from the previous fiscal year-end
16,046	–

Notes: 1. The number of employees is the number of employees actually at work.

2. There is no comparison with the prior fiscal year, as the status of employees in the Group is noted from the fiscal year ended March 31, 2014.

(8) Major lenders (As of March 31, 2014)

Lenders	Outstanding borrowing (Millions of yen)
Hitachi, Ltd.	20,985
TOSHIBA CORPORATION	4,662
Bank of China Limited	4,524
The Nomura Trust and Banking Co., Ltd.	259

2. Status of the Company

(1) Shares (As of March 31, 2014)

i) Total number of shares authorized: 1,840,000,000 shares

ii) Total number of outstanding shares: 601,387,900 shares

iii) Number of shareholders: 81,567

iv) Major shareholders

Name of shareholders	Number of shares	Shareholding ratio (%)
Innovation Network Corporation of Japan (INCJ)	214,000,000	35.6
GOLDMAN, SACHS & CO. REG	12,505,000	2.1
Sony Corporation	10,700,000	1.8
TOSHIBA CORPORATION	10,700,000	1.8
Hitachi, Ltd.	10,700,000	1.8
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	8,563,452	1.4
The Master Trust Bank of Japan, Ltd. (Trust account)	7,416,700	1.2
MSIP CLIENT SECURITIES	7,178,434	1.2
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	6,250,000	1.0
BNY FOR GCM CLIENT ACCOUNTS (E) BD	6,080,331	1.0

Notes:
1. On January 27, 2014 the Company retired all of the class A preferred shares when class A preferred shareholders exercised their put option and all of the class A preferred shares were converted to shares of common stock at a ratio of 1:1. As a result, the number of the Company's outstanding common stock increased by 2,600,000 shares, to 4,613,879 shares.
2. On January 28, 2014, JDI implemented a stock split in which each share was split into 100 shares.
3. The number of outstanding shares increased by 140,000,000 through a public offering with the payment date of March 18, 2014.

(2) Subscription rights to shares, etc.

i) Subscription rights to shares held by the Company's officers at the end of the fiscal year ended March 31, 2014 that were delivered as consideration for their performance of duties

		Series I subscription rights to shares	Series II subscription rights to shares
Resolution date of issuance		March 27, 2013	March 27, 2013
Number of subscription rights to shares		85,250	13,400
Class and number of shares underlying subscription rights to shares		Common stock 8,525,000 shares (100 shares per unit)	Common stock 1,340,000 shares (100 shares per unit)
Amount to be paid in for subscription rights to shares		No payment is required for subscription rights to shares.	No payment is required for subscription rights to shares.
Value of the property to be contributed when subscription rights to shares are exercised		¥50,000 per unit (¥500 per share)	¥50,000 per unit (¥500 per share)
Exercise period		From June 28, 2014 to June 27, 2022	From June 28, 2014 to June 27, 2022
Conditions for exercising subscription rights to shares		Note 1	Note 1
Subscription rights to shares held by officers	Directors (excluding Outside Directors)	Number of subscription rights to shares: 4,320 Number of shares underlying subscription rights to shares: 432,000 Number of holders: 2	Number of subscription rights to shares: 6,680 Number of shares underlying subscription rights to shares: 668,000 Number of holders: 2
	Outside Directors	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0
	Company Auditors	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0

- With the April 1, 2013 merger, Series I subscription rights to shares and Series II subscription rights to shares were delivered to holders of the former Japan Display Inc. subscription rights to shares. (*) The resolution date of issuance was noted as the day on which the merger agreement was approved by a resolution passed at the Annual General Meeting of Shareholders.
- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the "Number of shares underlying subscription rights to shares" and the "Value of the property to be contributed when subscription rights to shares are exercised."

(*) The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 is noted as the former Japan Display Inc.

Note 1: The conditions for exercising subscription rights to shares are as follows:

i) Regardless of the exercise period stipulated above, subscription rights to shares may not be exercised until the day on which one year has elapsed since the listing of the Company's common stock.

ii) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

iii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

iv) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

v) In principle, subscription rights to shares may not be succeeded to another individual.

vi) Other conditions for exercising subscription rights to shares shall be pursuant to the “Subscription Rights to Shares Allotment Agreement” concluded between the Company and the holders of subscription rights to shares.

		Series VI subscription rights to shares	Series VII subscription rights to shares
Resolution date of issuance		October 30, 2013	October 30, 2013
Number of subscription rights to shares		25,960	340
Class and number of shares underlying subscription rights to shares		Common stock 2,596,000 shares (100 shares per unit)	Common stock 34,000 shares (100 shares per unit)
Amount to be paid in for subscription rights to shares		No payment is required for subscription rights to shares.	No payment is required for subscription rights to shares.
Value of the property to be contributed when subscription rights to shares are exercised		¥65,000 per unit (¥650 per share)	¥65,000 per unit (¥650 per share)
Exercise period		From October 31, 2015 to October 30, 2023	From October 31, 2015 to October 30, 2023
Conditions for exercising subscription rights to shares		Note 2	Note 2
Subscription rights to shares held by Officers	Directors (excluding Outside Directors)	Number of subscription rights to shares: 1,660 Number of shares underlying subscription rights to shares: 166,000 Number of holders: 1	Number of subscription rights to shares: 340 Number of shares underlying subscription rights to shares: 34,000 Number of holders: 1
	Outside Directors	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0
	Company Auditors	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0

- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the “Number of shares underlying subscription rights to shares” and the “Value of the property to be contributed when subscription rights to shares are exercised.”

Note 2: The conditions for exercising subscription rights to shares are as follows:

i) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

ii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

iii) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

iv) In principle, subscription rights to shares may not be succeeded to another individual.

v) Other conditions for exercising subscription rights to shares shall be pursuant to the “Subscription Rights to Shares Allotment Agreement” concluded between the Company and the holders of subscription rights to shares.

ii) Subscription rights to shares delivered to employees, etc. as consideration for their performance of duties during the fiscal year ended March 31, 2014

		Series I subscription rights to shares	Series II subscription rights to shares
Resolution date of issuance		March 27, 2013	March 27, 2012
Number of subscription rights to shares		87,400	13,400
Class and number of shares underlying subscription rights to shares		Common stock 8,740,000 shares (100 shares per unit)	Common stock 1,340,000 shares (100 shares per unit)
Amount to be paid in for subscription rights to shares		No payment is required for subscription rights to shares.	No payment is required for subscription rights to shares.
Value of the property to be contributed when subscription rights to shares are exercised		¥50,000 per unit (¥500 per share)	¥50,000 per unit (¥500 per share)
Exercise period		From June 28, 2014 to June 27, 2022	From June 28, 2014 to June 27, 2022
Conditions for exercising subscription rights to shares		Note 1	Note 1
Subscription rights to shares delivered to employees, etc.	Employees of the Company	Number of subscription rights to shares: 74,840 Number of shares underlying subscription rights to shares: 7,484,000 Number of holders: 66	Number of subscription rights to shares: 7,560 Number of shares underlying subscription rights to shares: 756,000 Number of holders: 9
	Officers and employees of subsidiaries of the Company	Number of subscription rights to shares: 10,400 Number of shares underlying subscription rights to shares: 1,040,000 Number of holders: 13	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0

- With the April 1, 2013 merger, Series I subscription rights to shares and Series II subscription rights to shares were delivered to holders of the former Japan Display Inc. subscription rights to shares. (*) The resolution date of issuance was noted as the day on which the merger agreement was approved by a resolution passed at the Annual General Meeting of Shareholders.
- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the "Number of shares underlying subscription rights to shares" and the "Value of the property to be contributed when subscription rights to shares are exercised."

(*) The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 is noted as the former Japan Display Inc.

Note 1: The conditions for exercising subscription rights to shares are as follows:

i) Regardless of the exercise period stipulated above, subscription rights to shares may not be exercised until the day on which one year has elapsed since the listing of the Company's common stock.

ii) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

iii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

iv) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

v) In principle, subscription rights to shares may not be succeeded to another individual.

vi) Other conditions for exercising subscription rights to shares shall be pursuant to the "Subscription Rights to Shares Allotment Agreement" concluded between the Company and the holders of subscription rights to shares.

		Series III subscription rights to shares	Series IV subscription rights to shares
Resolution date of issuance		March 27, 2013	March 27, 2013
Number of subscription rights to shares		3,200	1,500
Class and number of shares underlying subscription rights to shares		Common stock 320,000 shares (100 shares per unit)	Common stock 150,000 shares (100 shares per unit)
Amount to be paid in for subscription rights to shares		No payment is required for subscription rights to shares.	No payment is required for subscription rights to shares.
Value of the property to be contributed when subscription rights to shares are exercised		¥50,000 per unit (¥500 per share)	¥50,000 per unit (¥500 per share)
Exercise period		From January 31, 2015 to January 30, 2023	From February 28, 2015 to February 27, 2023
Conditions for exercising subscription rights to shares		Note 2	Note 2
Subscription rights to shares delivered to employees, etc.	Employees of the Company	Number of subscription rights to shares: 3,200 Number of shares underlying subscription rights to shares: 320,000 Number of holders: 4	Number of subscription rights to shares: 1,500 Number of shares underlying subscription rights to shares: 150,000 Number of holders: 1
	Officers and employees of subsidiaries of the Company	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0	Number of subscription rights to shares: 0 Number of shares underlying subscription rights to shares: 0 Number of holders: 0

- With the April 1, 2013 merger, Series III subscription rights to shares and Series IV subscription rights to shares were delivered to holders of the former Japan Display Inc. subscription rights to shares. (*) The resolution date of issuance was noted as the day on which the merger agreement was approved by a resolution passed at the Annual General Meeting of Shareholders.
- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the "Number of shares underlying subscription rights to shares" and the "Value of the property to be contributed when subscription rights to shares are exercised."

(*) The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 is noted as the former Japan Display Inc.

Note 2: The conditions for exercising subscription rights to shares are as follows:

i) Regardless of the exercise period stipulated above, subscription rights to shares may not be exercised until the day on which one year has elapsed since the listing of the Company's common stock.

ii) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

iii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

iv) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

v) In principle, subscription rights to shares may not be succeeded to another individual.

vi) Other conditions for exercising subscription rights to shares shall be pursuant to the "Subscription Rights to Shares Allotment Agreement" concluded between the Company and the holders of subscription rights to shares.

		Series V subscription rights to shares	Series VI subscription rights to shares
Resolution date of issuance		July 31, 2013	October 30, 2013
Number of subscription rights to shares		5,600	25,960
Class and number of shares underlying subscription rights to shares		Common stock 560,000 shares (100 shares per unit)	Common stock 2,596,000 shares (100 shares per unit)
Amount to be paid in for subscription rights to shares		No payment is required for subscription rights to shares.	No payment is required for subscription rights to shares.
Value of the property to be contributed when subscription rights to shares are exercised		¥53,000 per unit (¥530 per share)	¥65,000 per unit (¥650 per share)
Exercise period		From January 31, 2015 to January 30, 2023	From October 31, 2015 to October 30, 2023
Conditions for exercising subscription rights to shares		Note 3	Note 3
Subscription rights to shares delivered to employees, etc.	Employees of the Company	Number of subscription rights to shares: 4,800 Number of shares underlying subscription rights to shares: 480,000 Number of holders: 6	Number of subscription rights to shares: 25,160 Number of shares underlying subscription rights to shares: 2,516,000 Number of holders: 72
	Officers and employees of subsidiaries of the Company	Number of subscription rights to shares: 800 Number of shares underlying subscription rights to shares: 80,000 Number of holders: 1	Number of subscription rights to shares: 800 Number of shares underlying subscription rights to shares: 80,000 Number of holders: 1

- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the "Number of shares underlying subscription rights to shares" and the "Value of the property to be contributed when subscription rights to shares are exercised."

  Note 3: The conditions for exercising subscription rights to shares are as follows:

  i) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

  ii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

  iii) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

  iv) In principle, subscription rights to shares may not be succeeded to another individual.

  v) Other conditions for exercising subscription rights to shares shall be pursuant to the "Subscription Rights to Shares Allotment Agreement" concluded between the Company and the holders of subscription rights to shares.

<table>
<tr><th colspan="2"></th><th>Series VII subscription rights to shares</th></tr>
<tr><td colspan="2">Resolution date of issuance</td><td>October 30, 2013</td></tr>
<tr><td colspan="2">Number of subscription rights to shares</td><td>340</td></tr>
<tr><td colspan="2">Class and number of shares underlying subscription rights to shares</td><td>Common stock 34,000 shares
(100 shares per unit)</td></tr>
<tr><td colspan="2">Amount to be paid in for subscription rights to shares</td><td>No payment is required for subscription rights to shares.</td></tr>
<tr><td colspan="2">Value of the property to be contributed when subscription rights to shares are exercised</td><td>¥65,000 per unit
(¥650 per share)</td></tr>
<tr><td colspan="2">Exercise period</td><td>From October 31, 2015
to October 30, 2023</td></tr>
<tr><td colspan="2">Conditions for exercising subscription rights to shares</td><td>Note 4</td></tr>
<tr><td rowspan="2">Subscription rights to shares delivered to employees, etc.</td><td>Employees of the Company</td><td>Number of subscription rights to shares: 340
Number of shares underlying subscription rights to shares: 34,000
Number of holders: 1</td></tr>
<tr><td>Officers and employees of subsidiaries of the Company</td><td>Number of subscription rights to shares: 0
Number of shares underlying subscription rights to shares: 0
Number of holders: 0</td></tr>
</table>

- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the “Number of shares underlying subscription rights to shares” and the “Value of the property to be contributed when subscription rights to shares are exercised.”

Note 4: The conditions for exercising subscription rights to shares are as follows:

i) A holder of subscription rights to shares may not, in principle, exercise any subscription rights to shares held, if said holder of subscription rights to shares has been punitively dismissed from the Company or a subsidiary of the Company, or has been instructed to retire or received an equivalent disciplinary action.

ii) A holder of subscription rights to shares may not, in principle, exercise one-half of subscription rights to shares held if said holder of subscription rights to shares voluntarily retires from the Company or a subsidiary of the Company.

iii) A holder of subscription rights to shares may not, in principle, exercise subscription rights to shares if said holder of subscription rights to shares has taken a position as an officer or employee of a company that effectively competes with the Company.

iv) In principle, subscription rights to shares may not be succeeded to another individual.

v) Other conditions for exercising subscription rights to shares shall be pursuant to the “Subscription Rights to Shares Allotment Agreement” concluded between the Company and the holders of subscription rights to shares.

(3) Corporate Officers

i) Directors and Company Auditors (As of March 31, 2014)

Title at the Company	Name	Responsibilities at the Company and significant concurrent positions outside the Company
Representative Director and President	Shuichi Otsuka	Chief Executive Officer
Director	Shuji Aruga	Mobile Business; Chief Business Officer
Director	Haruyasu Asakura	Chief Operating Officer of Innovation Network Corporation of Japan (INCJ); Outside Director of Renesas Electronics Corporation
Director	Koichiro Taniyama	Executive Managing Director of Innovation Network Corporation of Japan (INCJ)
Director	Yoshimitsu Kobayashi	Member of the Board, President & Chief Executive Officer of Mitsubishi Chemical Holdings Corporation; Member of the Board, Chairman of Mitsubishi Chemical Corporation; Outside Director, Tokyo Electric Power Company, Incorporated
Director	Katsuhiko Shirai	Advisor on educational issues for Waseda University; Chairman of The Open University of Japan; Outside Director, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Director	Hiroshi Kanno	Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University
Standing Company Auditor	Kazuo Kawasaki	
Company Auditor	Youichi Etou	Partner of Integral Law Office; Attorney at law; External Corporate Auditor, NICHIAS Corporation
Company Auditor	Toshiaki Kawashima	Head of Kawashima CPA Office; Outside Statutory Auditor, Citibank Japan Ltd.

Notes:
1. Directors Haruyasu Asakura, Koichiro Taniyama, Yoshimitsu Kobayashi, Katsuhiko Shirai and Hiroshi Kanno are Outside Directors.
2. Company Auditors Youichi Etou and Toshiaki Kawashima are Outside Company Auditors.
3. Company Auditor Toshiaki Kawashima is qualified as Certified Public Accountant and has considerable expertise in finance and accounting.
4. The Company has designated Directors Yoshimitsu Kobayashi, Katsuhiko Shirai and Hiroshi Kanno, and Company Auditors Youichi Etou and Toshiaki Kawashima as independent directors/auditors pursuant to the regulations of the Tokyo Stock Exchange and notified the stock exchange of the matter.
5. Director Shuji Aruga assumed his office as Director on November 1, 2013.
6. Outside Director Tomoyuki Suzuki, Outside Director Masahiko Fukakushi and Director Kazuo Hatanaka each retired from office due to resignation effective January 28, 2014. At the time Tomoyuki Suzuki stepped down from office, his significant concurrent position outside the Company was Corporate Executive Officer and EVP of Sony Corporation. At the time Masahiko Fukakushi stepped down from office, his significant concurrent position outside the Company was Director, Executive Officer, Corporate Executive Vice President of Toshiba Corporation. At the time Kazuo Hatanaka stepped down from office, he belonged to the LCD panel unit of Hitachi, Ltd.

ii) Remuneration paid to Directors and Company Auditors

a. Total amount of remuneration paid for the fiscal year

Category	Number of persons	Amount of remuneration, etc. (Millions of yen)
Directors (Of the above, Outside Directors)	5 (3)	84 (29)
Company Auditors (Of the above, Outside Company Auditors)	3 (2)	28 (10)

Notes: 1. Directors who hold concurrent positions as executive officers receive no remuneration as executive officers.

2. At the extraordinary general meeting of shareholders held on March 27, 2013, it was resolved to set Director compensation at or under an upper limit of ¥250 million per year.

3. At the extraordinary general meeting of shareholders held on March 27, 2013, it was resolved to set Company Auditor compensation at or under an upper limit of ¥50 million per year.

4. JDI’s five unpaid directors are not included in the number of directors above.

iii) Matters relating to outside directors

a. Significant concurrent positions at other organizations and relations between such organizations and the Company

- Director Haruyasu Asakura is Chief Operating Officer of Innovation Network Corporation of Japan (INCJ) and Outside Director of Renesas Electronics Corporation. There are no special relationships between INCJ and the Company. The Company has a business relationship with Renesas Electronics Corporation in the area of LSI for LCDs.
- Director Koichiro Taniyama is Executive Managing Director of Innovation Network Corporation of Japan (INCJ).
- Director Yoshimitsu Kobayashi is Member of the Board, President & Chief Executive Officer of Mitsubishi Chemical Holdings Corporation, Member of the Board and Chairman of Mitsubishi Chemical Corporation and Outside Director of Tokyo Electronic Power Company, Incorporated. There are no special relationships between Mitsubishi Chemical Holdings Corporation or Tokyo Electronic Power Company, Incorporated and the Company. The Company has a business relationship with Mitsubishi Chemical Corporation in the area of indirect materials (plant liquid solutions).
- Director Katsuhiko Shirai is an Executive Advisor for Academic Affairs at Waseda University, Chairperson of the Foundation for the Open University of Japan, and Outside Director of NIPPON TELEGRAPH AND TELEPHONE CORPORATION. There are no special relationships between the Company and these entities.
- Director Hiroshi Kanno is Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University. There are no special relationships between the Company and Hitotsubashi University.
- Director Tomoyuki Suzuki, who has retired as Outside Director as of January 28, 2014, is Corporate Executive Officer and Executive Vice President of Sony Corporation. There are no special relationships between the Company and Sony Corporation.
- Director Masahiko Fukakushi, who has retired as Outside Director as of January 28, is Executive Officer and Corporate Executive Vice President of Toshiba Corporation. There are no special relationships between the Company and Sony Corporation.
- Company Auditor Youichi Etou is Partner Lawyer of Integral Law Office and External Corporate Auditor of NICHIAS Corporation. There are no special relationships between the Company and Integral Law Office or NICHIAS Corporation.
- Company Auditor Toshiaki Kawashima is President of Kawashima CPA Office and Outside Statutory Auditor of Citibank Japan Ltd. There are no special relationships between the Company and Kawashima Certified Public Accounting Office or Citibank Japan Ltd.

b. Main activities during the fiscal year ended March 31, 2014

	Attendance and contributions
Haruyasu Asakura, Director	Attended all 16 meetings of the Board of Directors that were held during the fiscal year ended March 31, 2014. Primarily provided advice and proposals regarding the Company's management based on his wealth of experience and knowledge in a wide range of investment businesses.
Koichiro Taniyama, Director	Attended 14 of the 16 meetings of the Board of Directors that were held during the fiscal year ended March 31, 2014. Primarily provided advice and proposals regarding the Company's management based on his wealth of experience and knowledge in a wide range of investment businesses.
Yoshimitsu Kobayashi, Director	Attended 15 of the 16 meetings of the Board of Directors that were held during the fiscal year ended March 31, 2014. Provided advice and proposals regarding the Company's management based on his wealth of experience as an executive of a large company and knowledge.
Katsuhiko Shirai, Director	Attended all 16 meetings of the Board of Directors that were held during the fiscal year ended March 31, 2014. Provided advice and proposals regarding the Company's management based on his wealth of experience as both a doctor of engineering and as an administrator of an educational institution.
Hiroshi Kanno, Director	Attended 15 of the 16 meetings of the Board of Directors that were held during the fiscal year ended March 31, 2014. Provided advice and proposals regarding the Company's management based on his wealth of experience as a management consultant and expertise as a researcher of corporate strategic planning.
Tomoyuki Suzuki, Director	Attended 7 of the 11 meetings of the Board of Directors that were held before his retirement on January 28, 2014 and during the fiscal year ended March 31, 2014. Provided advice and proposals regarding the Company's management based on his wealth of knowledge and experience in areas such as technologies and market trends in the electronic components field.
Masahiko Fukakushi, Director	Attended 9 of the 11 meetings of the Board of Directors that were held before his retirement on January 28, 2014 and during the fiscal year ended March 31, 2014. Provided advice and proposals regarding the Company's management based on his wealth of knowledge and experience in areas such as technologies and market trends in the electronic components field.
Youichi Etou, Company Auditor	Attended 15 of the 16 meetings of the Board of Directors and all 13 meetings of the Board of Company Auditors that were held during the fiscal year ended March 31, 2014. Provided proposals to ensure that decision-making by the Board of Directors is appropriate and proper, based on his expertise as a lawyer. He also provided necessary proposals at Board of Company Auditor Meetings based on his expertise.
Toshiaki Kawashima, Company Auditor	Attended all 16 meetings of the Board of Directors and all 13 meetings of the Board of Company Auditors that were held during the fiscal year ended March 31, 2014. Provided proposals to ensure that decision-making by the Board of Directors is appropriate and proper, based on his expertise as a certified public accountant. He also provided necessary proposals at Board of Company Auditor Meetings based on his expertise.

c. Overview of limited liability agreements

The Company has entered into an agreement with each of the Outside Directors and Outside Company Auditors to limit their liabilities of damages of Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, paragraph 1 of the Companies Act.

With this agreement, in the event that an Outside Director or Outside Company Auditor causes damages to the Company due to negligence of his/her duties, and he/she acts in good faith without grossly negligence, the liabilities of damages of such Outside Director or Outside Company Auditor shall be the minimum liability amount pursuant to Article 425, paragraph 1 of the Companies Act.

(4) Independent Auditor

i) Name: KPMG AZSA LLC

ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (Millions of yen)
Amount of remuneration, etc. of the Independent Auditor for the fiscal year ended March 31, 2014	83
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to the Independent Auditor	239

Note: Among the important subsidiaries of the Company, JDI Hong Kong Limited is audited by certified public accountants or auditing firms other than the Independent Auditor of the Company.

iii) Non-auditing services

The Company contracted with KPMG AZSA LLC for the work related to the Company's stock listing preparation, preparation of a comfort letter, and advisory services related to internal controls over financial reporting.

iv) Policy regarding determination of removal or refusal of reappointment of Independent Auditor

The Board of Directors will address removal or refusal of reappointment of the Independent Auditor as an item of the agenda of a General Meeting of Shareholders with the consent or upon the request of the Board of Company Auditors if the Board of Directors believes that it is necessary due to causes including the Independent Auditor's difficulty in performing their duties.

If the Board of Company Auditors finds that the Independent Auditor falls under any of the events prescribed in each item of Article 340, paragraph 1 of the Companies Act, the Board of Company Auditors may remove the Independent Auditor under the consent of all Company Auditors. In this case, the Company Auditor appointed by the Board of Company Auditors will report the removal of the Independent Auditor and reasons thereof at the first General Meeting of Shareholders held after the removal.

(5) System to ensure the proper business

The following is an overview of the decisions concerning systems to ensure that the execution of duties by Directors complies with laws and regulations as well as the articles of incorporation and other systems to ensure proper business:

i) Systems to ensure that the execution of the duties by the Directors and employees complies with the laws and regulations and the articles of incorporation

- The Board of Directors has established necessary compliance-related rules and the Directors themselves take the lead in complying with these rules.
- The Board of Directors has established executive officer in charge of compliance, and puts in place necessary systems.
- Directors continuously inform executive officers and employees about compliance-related rules, and demand that they be complied with.
- The Company has established an internal whistleblower system, and strives to prevent and discover violations of laws and regulations as well as Company rules.
- Company Auditors ascertain the status of the performance of work duties of Directors, executive officers and employees. Among other activities, this includes attending the meetings of Board of Directors and other important meetings, collecting information, and regularly interviewing Directors.
- The Internal Audit Department reporting directly to the Representative Director and President regularly audits the status of compliance in Company departments, and provides reports to the

Representative Director and President and Company Auditors as necessary.

ii) Systems regarding storage and management of information related to the execution of the duties by the Directors

Materials for the meetings of the Board of Directors, the meetings of the Finance Committee, the meetings of the Human Resources Development Committee, the meetings of the Management Committee, and other important documents (including electromagnetic data) are stored and managed appropriately in accordance with the document management rules, and an environment is maintained such that Directors and Company Auditors can view these materials.

iii) Rules regarding risk management for loss and other systems

- In formulating business plans, activities to reduce risks which have an impact on business activities are incorporated into business plans.
- Each department assesses risks in the field that it is responsible for. Following the risk assessment, in line with the significance of the risk, measures are undertaken to reduce such risks, including the establishment of relevant rules and providing training.

iv) Systems to ensure the efficient execution of the duties by the Directors

- The Board of Directors decides business plans, annual budgets, and other important business-related policies. The status of the execution of business plans and budgets are reported to the meeting of the Board of Directors, where necessary measures are deliberated on.
- In principle, the meeting of Board of Directors is held once each month, and the meeting of the Management Committee, comprising the Representative Director and President and executive officers, etc., is held once each week. Important business matters are discussed at these meetings.
- The Board of Directors appoints executive officers, while each executive officer creates the necessary rules and meetings, and executes operations in the area which he/she is responsible for.

v) Systems to ensure the fairness of operations of the corporate group, which is comprised of the Company and its parent company and subsidiaries

- With respect to the Company’s compliance related rules, the Company requires subsidiaries to adopt and implement those rules that the JDI Group should comply with.
- Important management matters of subsidiaries are implemented based on Company approval, in accordance with the decision-making authority rules and the operating rules for associates established by the Company, as well as subsidiaries’ regulations for the Board of Directors.
- The Company dispatches executive officers to subsidiaries. Executive officers who have been dispatched ascertain the status of business execution of subsidiaries, and provide appropriate advice and instruction to subsidiaries in order to maintain and enhance the soundness of the group’s overall management.
- The Internal Audit Department performs audits of subsidiaries’ operations as it deems appropriate.
- The Company’s internal whistleblower system is shared across the JDI Group, and exists to prevent and discover violations of laws and regulations within the group.

vi) Matters regarding employees that assist the Company Auditors upon the request of such Company Auditor for assistance and matters regarding independence of the relevant employees from Directors

- If Company Auditors ask to place an employee in a position to assist with the Corporate Auditors’ duties, an individual suitable for those duties shall be appointed.
- If an employee is appointed to assist with the work duties of Company Auditors, the personnel issues of said employee shall be discussed with the Company Auditors in advance.

vii) Systems regarding reports by Directors and employees to Company Auditors and systems regarding other reports to the Company Auditors

- Based on the decisions made in advance based on discussions with Company Auditors and/or the Board of Company Auditors, Directors, executive officers and employees shall report on the status of the execution of work duties regularly and/or non-regularly to Company Auditors and/or the Board of Company Auditors. In addition, in the event that facts which may cause significant damages to the Company or the overall JDI Group are discovered, said facts shall be reported without delay to Company Auditors and/or the Board of Company Auditors.
- The Standing Company Auditors shall attend the meetings of the Management Committee and other important meetings, to ascertain the status of business operations.
- Among information reported to the internal whistleblower system, important matters shall be reported to the Standing Company Auditor.

viii) Other systems to ensure the effective audit by Company Auditors

- Company Auditors shall exchange information as needed with the Representative Director and President, and work closely with the Internal Audit Department.
- Company Auditors shall exchange information with the independent independent auditor.
- When the meeting of the Board of Directors, the meeting of the Management Committee, and other important meetings are held, the Company Auditors will be notified and requested to attend.

Consolidated Financial Statements

Consolidated balance sheet

As of March 31, 2014

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**378,484**	**Current liabilities**	**254,902**
Cash and deposits	141,390	Accounts payable - trade	101,581
Accounts receivable - trade	97,146	Short-term loans payable	4,524
Merchandise and finished goods	25,340	Current portion of long-term loans payable	8,552
Work in process	48,340	Income taxes payable	709
Raw materials and supplies	16,903	Provision for bonuses	5,212
Deferred tax assets	20,211	Lease obligations	23,454
Accounts receivable - other	23,403	Advances received	66,780
Other	5,925	Other	44,087
Allowance for doubtful accounts	(177)	**Non-current liabilities**	**98,927**
Non-current assets	**380,490**	Long-term loans payable	17,354
Property, plant and equipment	**343,780**	Lease obligations	48,635
Buildings and structures	89,205	Net defined benefit liability	31,232
Machinery, equipment and vehicles	122,631	Other	1,704
Land	11,091	**Total liabilities**	**353,830**
Leased assets	71,829	**Net assets**	
Construction in progress	36,724	**Shareholders' equity**	**402,798**
Other	12,297	**Capital stock**	**96,857**
Intangible assets	**34,958**	**Capital surplus**	**257,053**
Goodwill	22,115	**Retained earnings**	**49,192**
Other	12,843	**Treasury shares**	**(304)**
Investments and other assets	**1,751**	**Accumulated other comprehensive income**	**1,690**
Other	1,754	**Foreign currency translation adjustment**	**10,565**
Allowance for doubtful accounts	(3)	**Remeasurements of defined benefit plans**	**(8,874)**
		Minority interests	**655**
		Total net assets	**405,144**
Total assets	**758,975**	**Total liabilities and net assets**	**758,975**

(The figures are rounded down to the nearest million yen.)

Consolidated statement of income

From April 1, 2013
to March 31, 2014

(Millions of yen)

Item	Amount
Net sales	**614,567**
Cost of sales	**543,282**
Gross profit	**71,285**
Selling, general and administrative expenses	**43,660**
Operating income	**27,624**
Non-operating income	**2,979**
Interest income	104
Subsidy income	1,015
Rent income	469
Fiduciary obligation fee	753
Other	636
Non-operating expenses	**11,532**
Interest expenses	2,815
Depreciation	1,539
Foreign exchange losses	1,939
Other	5,237
Ordinary income	**19,072**
Extraordinary losses	**2,330**
Loss on valuation of inventories	2,330
Income before income taxes and minority interests	**16,742**
Income taxes - current	2,938
Income taxes - deferred	(20,466)
Income before minority interests	**34,269**
Minority interests in income	351
Net income	**33,918**

(The figures are rounded down to the nearest million yen.)

Consolidated statement of changes in equity

From April 1, 2013
to March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	35,274	62,258	(104,990)	–	(7,457)
Changes of items during period					
Issuance of new shares	61,582	61,582			123,165
Increase by merger		133,160	120,264	(548)	252,877
Net income			33,918		33,918
Disposal of treasury shares		51		243	294
Net changes of items other than shareholders' equity					–
Total changes of items during period	61,582	194,794	154,183	(304)	410,255
Balance at end of current period	96,857	257,053	49,192	(304)	402,798

	Accumulated other comprehensive income			Minority interests	Total net assets
	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,862	–	3,862	113	(3,481)
Changes of items during period					
Issuance of new shares					123,165
Increase by merger					252,877
Net income					33,918
Disposal of treasury shares					294
Net changes of items other than shareholders' equity	6,703	(8,874)	(2,171)	542	(1,629)
Total changes of items during period	6,703	(8,874)	(2,171)	542	408,626
Balance at end of current period	10,565	(8,874)	1,690	655	405,144

(The figures are rounded down to the nearest million yen.)

Notes to the consolidated financial statements

1. Notes on significant matters forming the basis for preparing consolidated financial statements

(1) Scope of consolidation

i) Consolidated subsidiaries

- Number of consolidated subsidiaries: 15 companies
- Names of principal consolidated subsidiaries

JDI Display America, Inc.

JDI Europe GmbH

JDI Taiwan Inc.

JDI Korea Inc.

JDI China Inc.

JDI Hong Kong Limited

Suzhou JDI Devices Inc.

Suzhou JDI Electronics Inc.

Shenzhen JDI Inc.

Kaohsiung Opto-Electronics Inc.

KOE Asia Pte. Ltd.

KOE Americas, Inc.

KOE Europe Ltd.

Nanox Philippines Inc.

Taiwan Display Inc.

ii) Non-consolidated subsidiaries

Not applicable.

iii) Information on companies that are not deemed as subsidiaries even though the Company holds the majority of their voting rights

Not applicable.

(2) Application of the equity method

Not applicable.

(3) Changes in scope of consolidation or scope of application of the equity method

On April 1, 2013, the Company implemented an absorption-type merger of the former Japan Display Inc., then the Company's parent company, Japan Display Central Inc. and Japan Display West Inc., the Company's sister companies, and Japan Display East Products Inc., the Company's subsidiary. Following this merger, JDI Display America Inc., JDI Europe GmbH, JDI China Inc., JDI Hong Kong Limited., JDI Taiwan Inc. and JDI Korea Inc., which were consolidated subsidiaries of the former Japan Display Inc., are included in the scope of consolidation from the fiscal year ended March 31, 2014.

Nanox Philippines Inc. is included in the scope of consolidation, since this company became a consolidated subsidiary from the fiscal year ended March 31, 2014 due to the acquisition of the stock by the Company on June 1, 2013. This company's statement of income was consolidated from the stock acquisition date.

Taiwan Display Inc. became a consolidated subsidiary from the fiscal year ended March 31, 2014 following its establishment.

(4) Fiscal year end of consolidated subsidiaries

Of the Company's consolidated subsidiaries, the balance sheet date of JDI China Inc., Suzhou JDI Electronics Inc., Suzhou JDI Devices Inc., Shenzhen JDI Inc., Kaohsiung Opto-Electronics Inc., KOE Asia Pte. Ltd., KOE Americas, Inc., and KOE Europe Ltd. is December 31. Financial statements prepared on the basis of provisional settlements of accounts as of the consolidated balance sheet dates have been used to prepare the consolidated financial statements.

The fiscal year-end date of other consolidated subsidiaries is the same as the consolidated balance sheet date.

(5) Accounting principles

i) Valuation bases and methods of significant assets

a. Derivatives

Stated at fair value.

b. Inventories

Merchandise and finished goods; work in process; and raw materials and supplies

Stated at cost based on the moving-average method (the method of writing down the book value in accordance with the declining in profitability).

ii) Depreciation and amortization method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

The major useful lives are as follows:

Buildings and structures:	2 to 60 years
Machinery, equipment and vehicles:	2 to 10 years

b. Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized using the straight-line method based on usable period within the Company (5 years).

c. Leased assets

- Leased assets under finance lease transactions that transfer ownership

  The Company adopts the method consistent with the depreciation method applied on non-current assets owned on its own.

- Leased assets under finance lease transactions that do not transfer ownership

  The Company adopts the straight-line method assuming the lease periods as useful lives assuming residual value to be zero (the amount of guaranteed residual value if there is any residual value guarantee).

iii) Accounting method for deferred assets

Share issuance cost

Share issuance cost is fully amortized at the time of spending.

iv) Significant allowances and provisions

a. Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

b. Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid for the fiscal year ended March 31, 2014 is provided.

v) Translation of major assets or liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot rate on the consolidated balance sheet date with translation differences treated as gains or losses. In addition, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot rate on the consolidated balance sheet date, whereas revenues and expenses are translated into Japanese yen using the weighted-average rate. The translation differences are included in foreign currency translation adjustment and minority interests in net assets section.

vi) Method and period of amortization of goodwill

Goodwill is amortized using the straight-line method over a certain period within 20 years.

vii) Other significant matters for preparing the consolidated financial statements

a. Basis for net defined benefit liabilities

To prepare for the payment of employees' retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, based on the estimated amount at the end of the fiscal year ended March 31, 2014. Past service costs are amortized as incurred by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the eligible employees. Actuarial gains or losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the eligible employees. Unrecognized actuarial gains or losses and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjusting for tax effects.

b. Treatment of consumption taxes

Transactions subject to national consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes. Non-deductible national consumption tax and local consumption tax are recorded as expenses for the fiscal year ended March 31, 2014.

2. Changes in accounting policy

Application of the Accounting Standard for Retirement Benefits and its Guidance

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) were applied effective from March 31, 2014; provided, however, they were applied except for the provisions specified in the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability. The unrecognized actuarial gains and losses, and unrecognized past service costs were recognized in net defined benefit liability.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in accounting policies were recognized in remeasurements of defined benefit plans under accumulated other comprehensive income as of March 31, 2014.

As a result, as of March 31, 2014, net defined benefit liability of ¥31,232 million was recognized. Also, accumulated other comprehensive income decreased by ¥8,874 million and deferred tax assets increased by ¥13 million.

3. Accounting standards, etc. yet to be applied

- "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012)
- "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012)

(1) Outline

In light of the viewpoint toward the improvement of financial reporting and international trends, the accounting standard and the guidance have been principally revised in terms of the accounting methods of unrecognized actuarial gains or losses and unrecognized past service costs, the calculation methods of retirement benefit obligations and service costs, and the enhancement of disclosure.

(2) Scheduled date of application

The revision of the calculation methods of retirement benefit obligations and service costs will be applied from the beginning of the fiscal year ending March 31, 2015.

(3) Impact of application of the accounting standards, etc.

Following the revision of the calculation methods for retirement benefit obligations and service costs, net defined benefit liabilities are expected to increase by ¥1,701 million at the beginning of the fiscal year ended March 31, 2015, with the corresponding amount of retained earnings to decrease. Operating income, ordinary income and income before income taxes and minority interests for the next fiscal year are expected to increase by ¥57 million.

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

(1) Outline

These accounting standards and guidances are principally revised in terms of: (1) treatment of changes in the parent company's equity interests in a subsidiary in additional acquisition of shares in the subsidiary and other situations where the parent retains control over the subsidiary, (2) treatment of acquisition-related costs, (3) presentation of net income and change from minority interests to non-controlling interests, and (4) treatment of tentative accounting method.

(2) Scheduled date of application

These accounting standards and guidances will be applied from the beginning of the fiscal year ending March 31, 2016. Those for treatment of tentative accounting method will be applied to business combinations that are implemented after the beginning of the fiscal year ending March 31, 2016.

(3) Impact of application of the accounting standards, etc.

The impact is being assessed at the time of preparation of the consolidated financial statements.

- "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30 of December 25, 2013)
  - (1) Outline

    For transactions in which a company's own shares are granted to its employees or employees' shareholding association through trusts, the practical solution was clarified.
  - (2) Scheduled date of application

    This practical solution will be applied from the beginning of the fiscal year ending March 31, 2015.
  - (3) Impact of application of the accounting standards, etc.

    The impact is being assessed at the time of preparation of the consolidated financial statements.

4. Notes to the consolidated balance sheet

(1) Assets pledged as collateral and obligations secured by collateral

i) Assets pledged as collateral are as follows:

	(Millions of yen)
Machinery, equipment and vehicles	36,678
Other	55
Total	36,733

ii) Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	60,610

(2) Accumulated depreciation for property, plant and equipment: ¥435,540 million

(3) The Group has concluded commitment line contracts with its major correspondent financial institutions to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts is as follows:

	(Millions of yen)
Total amount of commitment line contracts	37,500
Balance of borrowings outstanding	–
Balance	37,500

5. Notes to the consolidated statement of income

(1) The ending inventory balance represents the value after devaluation of book value according to a decrease in profitability, and loss on valuation of inventories of ¥227 million is included in cost of sales.

(2) Loss on valuation of inventories (extraordinary losses)

This loss represents devaluation for bad inventories due to a significant deterioration in yield in the production process.

6. Notes to the consolidated statement of changes in equity

(1) Class and total number of outstanding shares at the end of the fiscal year ended March 31, 2014

Class of shares	Number of shares at the beginning of the fiscal year ended March 31, 2014	Increase	Decrease	Number of shares at the end of the fiscal year ended March 31, 2014
Common stock	1,200,980 shares	601,387,900 shares	1,200,980 shares	601,387,900 shares
Class A preference share	–	2,600,000 shares	2,600,000 shares	–

Note: The changes in the total number of outstanding shares are as follows:

Common stock

Increase:

i) As of April 1, 2013, the Company merged with four companies including the former Japan Display, Inc. Due to the issuance of shares to the shareholders of the former Japan Display, Inc. at the time of merger, the number of shares increased by 2,013,879.

ii) On January 27, 2014, Class A preference shareholders exercised their subscription warrants to shares. Upon exercise the Company acquired Class A preference shares as its treasury shares, and delivered common shares for their consideration. As a result, the number of shares increased by 2,600,000.

iii) As of January 28, 2014, the Company implemented a 100-for-1 stock split of the Company's common share, which led to an increase of the number of shares by 456,774,021.

iv) Through the domestic public offering with the payment date of March 18, 2014 (public offering using book-building method) and the offering in international markets (with the offering in the United States restricted to sales to qualified institutional buyers under Rule 144A of the U.S. Securities Act), the Company issued shares associated with the offered shares. As a result, the number of shares increased by 140,000,000.

Decrease:

The number of shares decreased due to the aforementioned merger where the Company acquired the Company's shares held by the former Japan Display, Inc. and allotted them to the shareholders of the former Japan Display, Inc.

Class A preference shares

Increase:

The number of shares increased because the Company issued the relevant shares to the shareholders of the former Japan Display, Inc. due to the aforementioned merger.

Decrease:

The number of shares decreased due to the cancelation of treasury shares upon exercise of the subscription warrants to shares by Class A shareholders on January 27, 2014.

(2) Class and number of treasury shares

Class of shares	Number of shares at the beginning of the fiscal year ended March 31, 2014	Increase	Decrease	Number of shares at the end of the fiscal year ended March 31, 2014
Common stock	–	1,885,683 shares	1,276,183 shares	609,500 shares
Class A preference shares	–	2,600,000 shares	2,600,000 shares	–

Notes: 1. The changes in the number of treasury shares are as follows:

Common stock

Increase:

i) The number of shares increased by 1,200,980 due to the aforementioned merger where the Company acquired the Company's shares held by the former Japan Display, Inc.

ii) The number of shares increased by 13,879 due to the aforementioned merger where the Company issued shares to "the trust exclusively for Japan Display shareholding association."

iii) As of January 28, 2014, the Company implemented a 100-for-1 stock split of the Company's common share, which led to an increase of the number of shares by 670,824.

Decrease:

i) The number of shares decreased by 1,200,980 due to the aforementioned merger where the

Company acquired the Company's shares held by the former Japan Display, Inc. and allotted them to the shareholders of the former Japan Display, Inc.

ii) The number of shares decreased by 75,203 as "the trust exclusively for Japan Display shareholding association" sold shares to the employee shareholding association.

Class A Preference Shares

Increase:

The number of shares increased because Class A preference shareholders exercised the subscription warrants to shares on January 27, 2014 and the Company accordingly acquired Class A preference shares as its treasury shares.

Decrease:

The number of shares decreased due to the cancelation of treasury shares upon exercise of the subscription warrants to shares by Class A shareholders on January 27, 2014.

2. The Company has adopted the employee stock ownership plan and presents 609,500 shares in the Company held by "the trust exclusively for Japan Display shareholding association" as treasury shares. Following resolutions at the meeting of the Board of Directors held on December 19, 2013 and the class meeting of shareholders of class A preference shares on January 27, 2014, a 100-for-1 stock split of the Company's common share was implemented on January 28, 2014.

7. Notes on financial instruments

(1) Status of financial instruments

i) Policy for financial instruments

The Group's fund management is limited to short-term deposits. The financing is implemented through borrowings from Hitachi, Ltd., Toshiba Corporation, The Nomura Trust and Banking Co., Ltd. and Bank of China Limited.

ii) Content and risks of financial instruments

Accounts receivable – trade as operating receivables are exposed to credit risks of customers. Operating receivables denominated in foreign currencies, which arise due to the global business development, are exposed to risks of fluctuations in foreign currency exchange rates.

Accounts payable – trade as operating payables are due within six months. Some accounts payable denominated in foreign currencies are exposed to risks of fluctuations in foreign currency exchange rates.

Loans payable are mainly for procurement of funds necessary for capital investment, and have fixed interest rates.

iii) Risk management system for financial instruments

a. Management of credit risks (risks related to default of counterparties)

The Group has the structure in which due dates and balances are managed for each counterparty and credit standing is periodically checked for each counterparty in accordance with the credit management rules.

b. Management of market risks (risks of fluctuations in foreign currency exchange rates and interest rates)

For operating receivables and payables denominated in foreign currencies, the Group may use forward exchange contracts to hedge risks of fluctuations in foreign currency exchange rates, which are confirmed by currency and time series. However, risks of fluctuations in foreign currency exchange rates are limited, if operating receivables and payables denominated in the same currency are netted. The Group also hedges fluctuation risks by setting fixed interest rates on loans payable.

In accordance with the internal management rules, the Group conducts derivative transactions within the range of actual demand.

c. Management of liquidity risks on financing (risks of failure to make a payment on the due date)

The Group manages liquidity risks through timely formulation or updating of funding plans by the department in charge based on reports from each department as well as maintenance of liquidity in hand.

iv) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated value if it has no market price.

As changeable factors are included in calculating these values, if different assumptions, etc. are used, these values could vary.

(2) Fair values of financial instruments

Carrying amount, fair value, and the difference between the two values as of March 31, 2014, are as shown below.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	141,390	141,390	–
(2) Accounts receivable - trade	97,146		
Allowance for doubtful accounts (*)	(177)		
	96,969	96,969	
(3) Accounts receivable - other	23,403	23,403	–
Total assets	261,763	261,763	–
(1) Accounts payable - trade	101,581	101,581	–
(2) Short-term loans payable	4,524	4,524	–
(3) Lease obligations (Current liabilities)	23,454	23,454	–
(4) Long-term loans payable	25,906	25,783	(122)
(5) Lease obligations (Non-current liabilities)	48,635	46,957	(1,678)
Total liabilities	204,102	202,301	(1,800)

(*) Allowances for doubtful accounts deducted are related to the accounts receivable - trade.

Note: Measurement methods for fair values of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable - trade, (3) Accounts receivable - other

The book value is used as the fair value of these assets, given that the fair value is almost the same as the book value since they are settled in a short period of time.

Liabilities

(1) Accounts payable - trade, (2) Short-term loans payable

The book value is used as the fair value of these liabilities, given that the fair value is almost the same as the book value since they are settled in a short period of time.

(4) Long-term loans payable (including current portion)

The fair value of long-term loans payable is based on the present value calculated by discounting the total amount of principal and interest by the contracted interest rate taking into account changes in the level of interest rate.

(3) Lease obligations (Current liabilities) (5) Lease obligations (Non-current liabilities)

The fair value of these liabilities is calculated based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same lease transaction is newly made.

8. Notes on investment and rental properties

Omitted because of immateriality.

9. Notes on per share information

(1) Net assets per share ¥673.28

(2) Net income per share ¥135.09

Note: The Company implemented a 100-for-1 stock split as of January 28. 2014. Net income per share is, accordingly, calculated based on the assumption that the respective stock split was executed at the beginning of the fiscal year ended March 31, 2014.

10. Notes on significant subsequent events

Not applicable.

11. Notes on business combinations, etc.

Transactions under common control, etc.

At the meeting of the Board of Directors on January 30, 2013, it was resolved that the Company would implement an absorption-type merger of the former Japan Display Inc., then the Company's parent company, Japan Display Central Inc. and Japan Display West Inc., then the Company's sister companies, and Japan Display East Products Inc., then the Company's subsidiary. The Company entered into a merger agreement as of the same date and implemented the absorption-type merger as of April 1, 2013. The outline of the merger is as follows.

(1) Outline of the business combination

i) Names of the acquired companies

The former Japan Display Inc.; Japan Display Central Inc.; Japan Display West Inc.; and Japan Display East Products Co., Ltd.

ii) Major reasons of the business combination

The Company decided to implement this merger in order to increase the cost competitiveness and establish the position as a global leading company of small- and medium-sized displays by utilizing the world's most advanced, high-value added technologies of small- and medium-sized displays possessed by each party and making the best use of funds for growth injected by Innovation Network Corporation of Japan (INCJ) to make effective use of each party's production capacity.

iii) Effective date of the business combination

April 1, 2013

iv) Legal structure of the business combination

Absorption-type merger where the Company is the surviving company. The former Japan Display Inc., Japan Display Central Inc., Japan Display West Inc., and Japan Display East Products Co., Ltd. were extinct.

v) Name of the company subsequent to the business combination

Japan Display Inc.

(2) Major businesses and sizes (sales for the latest fiscal year, net income for the latest fiscal year, total assets, liabilities, and net assets, number of employees, etc.) of the acquired companies

The former Japan Display Inc.

Major businesses:	Sale of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	115,350	(As of March 31, 2013)
Total assets (Millions of yen)	316,303	(As of March 31, 2013)
Net assets (Millions of yen)	229,508	(As of March 31, 2013)
Net sales (Millions of yen)	405,143	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	2,083	(From April 1, 2012 to March 31, 2013)
Number of employees	77	(excluding employees on loan) (As of March 31, 2013)

Japan Display Central Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	10,000	(As of March 31, 2013)
Total assets (Millions of yen)	234,806	(As of March 31, 2013)
Net assets (Millions of yen)	(2,261)	(As of March 31, 2013)
Net sales (Millions of yen)	242,869	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	(8,396)	(From April 1, 2012 to March 31, 2013)
Number of employees	2,036	(excluding employees on loan) (As of March 31, 2013)

Japan Display West Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	23,100	(As of March 31, 2013)
Total assets (Millions of yen)	69,720	(As of March 31, 2013)
Net assets (Millions of yen)	25,508	(As of March 31, 2013)
Net sales (Millions of yen)	108,275	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	(3,783)	(From April 1, 2012 to March 31, 2013)
Number of employees	1,880	(excluding employees on loan) (As of March 31, 2013)

Japan Display East Products Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	200	(As of March 31, 2013)
Total assets (Millions of yen)	1,275	(As of March 31, 2013)
Net assets (Millions of yen)	224	(As of March 31, 2013)
Net sales (Millions of yen)	14,407	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	219	(From April 1, 2012 to March 31, 2013)
Number of employees	107	(excluding employees on loan) (As of March 31, 2013)

(3) Accounting treatment

The business combination was treated as a transaction under common control based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, released on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, released on December 26, 2008).

Business combination through acquisition

(1) Outline of the business combination

i) Name of the acquired company and its business activities

Name of the acquired company: Nanox Philippines Inc.

Business activities: Small- to medium-sized TFT-LCD displays

ii) Reasons for the business combination

This business combination was implemented for the purpose of strengthening cost competitiveness in the post-process by making Nanox Philippines Inc., one of the outsourcing contractors of post-process production for the Company’s small- and medium-sized TFT liquid-crystal display business, a consolidated subsidiary.

iii) Effective date of the business combination

June 1, 2013

iv) Legal structure of the business combination

Share acquisition with cash as consideration

v) Name of the company subsequent to the business combination

Nanox Philippines Inc.

vi) Percentage of voting rights acquired by the Company: 81.0%

This is because the Company acquired shares of Nanox Philippines Inc. in exchange for cash.

(2) Period in which business results of the acquired company are included in the consolidated financial statements

From June 1, 2013 to March 31, 2014

(3) Acquisition cost of the acquired company and its details

(Millions of yen)

Consideration for the acquisition	Cash and deposits	1,243
Acquisition cost		1,243

(4) Amount, cause, and amortization method and period of goodwill incurred

i) Amount of goodwill incurred

¥485 million

ii) Cause

This is excess earning power, which is principally expected to be gained with the strengthened cost competitiveness in the post-process.

iii) Amortization method and period

Straight line method over 5 years

(5) Amounts of assets acquired and liabilities assumed on the business combination date and its details

(Millions of yen)

Current assets	5,586
Non-current assets	1,616
Total assets	7,202
Current liabilities	6,265
Total liabilities	6,265

Non-consolidated Financial Statements

Non-consolidated balance sheet

As of March 31, 2014

(Millions of yen)

Item	Amount
Assets	
Current assets	**352,510**
Cash and deposits	101,888
Accounts receivable - trade	123,194
Merchandise and finished goods	9,760
Raw materials and supplies	9,067
Work in process	34,557
Accounts receivable - other	48,381
Prepaid expenses	1,316
Deferred tax assets	19,684
Short-term loans receivable from subsidiaries and associates	1,505
Other	3,157
Allowance for doubtful accounts	(4)
Non-current assets	**352,380**
Property, plant and equipment	**316,323**
Buildings	76,470
Structures	5,276
Machinery and equipment	113,310
Vehicles	41
Tools, furniture and fixtures	9,015
Land	4,359
Leased assets	71,828
Construction in progress	36,020
Intangible assets	**16,753**
Goodwill	5,730
Patent right	3,310
Leasehold right	7
Software	4,608
Other	3,096
Investments and other assets	**19,303**
Shares of subsidiaries and associates	1,917
Investments in capital of subsidiaries and associates	15,291
Long-term loans receivable	19
Long-term prepaid expenses	844
Deferred tax assets	718
Other	515
Allowance for doubtful accounts	(3)
Total assets	**704,890**

Item	Amount
Liabilities	
Current liabilities	**265,022**
Accounts payable - trade	120,117
Current portion of long-term loans payable	8,552
Lease obligations	23,454
Accounts payable - other	33,937
Accrued expenses	7,020
Income taxes payable	204
Provision for bonuses	4,563
Advances received	66,759
Unearned revenue	128
Other	283
Non-current liabilities	**87,467**
Long-term loans payable	17,354
Lease obligations	48,635
Provision for retirement benefits	21,106
Other	371
Total liabilities	**352,489**
Net assets	
Shareholders' equity	**352,401**
Capital stock	**96,857**
Capital surplus	**353,936**
Legal capital surplus	123,841
Other capital surplus	230,095
Retained earnings	**(98,087)**
Other retained earnings	(98,087)
Retained earnings brought forward	(98,087)
Treasury shares	**(304)**
Total net assets	**352,401**
Total liabilities and net assets	**704,890**

(The figures are rounded down to the nearest million yen.)

Non-consolidated statement of income

From April 1, 2013
to March 31, 2014

(Millions of yen)

Item	Amount
Net sales	**590,880**
Cost of sales	**544,708**
Gross profit	**46,171**
Selling, general and administrative expenses	**32,257**
Operating income	**13,913**
Non-operating income	**2,707**
Interest income	16
Rent income	442
Subcontracting income	753
Subsidy income	974
Other	520
Non-operating expenses	**9,055**
Interest expenses	2,746
Foreign exchange losses	270
Depreciation	1,539
Other	4,498
Ordinary income	**7,565**
Extraordinary income	**10,468**
Gain on extinguishment of tie-in shares	10,468
Extraordinary losses	**8,310**
Loss on extinguishment of tie-in shares	5,980
Loss on valuation of inventories	2,330
Income before income taxes	**9,723**
Income taxes - current	95
Income taxes - deferred	(20,768)
Net income	**30,395**

(The figures are rounded down to the nearest million yen.)

Non-consolidated statement of changes in equity

From April 1, 2013
to March 31, 2014

(Millions of yen)

	Shareholders' equity								
		Capital surplus							
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total share-holders' equity	Total net assets
Balance at beginning of current period	35,274	62,258		62,258	(128,482)	(128,482)		(30,949)	(30,949)
Changes of items during period									
Issuance of new shares	61,582	61,582	–	61,582	–	–	–	123,165	123,165
Increase by merger	–	–	230,050	230,050	–	–	(548)	229,501	229,501
Net income	–	–	–	–	30,395	30,395	–	30,395	30,395
Disposal of treasury shares	–	–	45	45	–	–	243	288	288
Total changes of items during period	61,582	61,582	230,095	291,677	30,395	30,395	(304)	383,351	383,351
Balance at end of current period	96,857	123,841	230,095	353,936	(98,087)	(98,087)	(304)	352,401	352,401

(The figures are rounded down to the nearest million yen.)

Notes to the non-consolidated financial statements

1. Notes on important accounting policies

Valuation bases and methods of assets

(1) Valuation bases and methods of securities

i) Shares of subsidiaries and associates

Stated at cost based on the moving-average method.

ii) Other securities

Securities without fair value

Stated at cost based on the moving-average method.

(2) Valuation bases and methods of derivatives

Stated at fair value.

(3) Valuation bases and methods of inventories

Stated at cost based on the moving-average method.

(Balance sheet amounts are measured at the lower of cost or net selling value.)

Depreciation and amortization method for non-current assets

(4) Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

The major useful lives are as follows:

Buildings:	3 to 50 years
Structures:	2 to 60 years
Machinery and equipment:	2 to 10 years
Tools, furniture and fixtures:	2 to 15 years

(5) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized using the straight-line method based on usable period within the Company (5 years).

(6) Leased assets

For leased assets under finance lease transactions that do not transfer ownership, the Company adopts the straight-line method assuming the lease periods as useful lives assuming residual value to be zero (the amount of guaranteed residual value if there is any residual value guarantee).

For finance lease transactions that do not transfer ownership to the lessee, lease transactions of which the commencement date of the transaction is prior to the first date of the fiscal year in which the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007) is applied for the first time are treated in accordance with the accounting method based on the method for ordinary rental transactions.

(7) Accounting method for deferred assets

Share issuance cost

Share issuance cost is fully amortized at the time of spending.

(8) Allowances and provisions

i) Allowance for doubtful accounts

To prepare for losses from bad debt, including accounts receivable and loans receivable, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables, or claims provable in bankruptcy and rehabilitation.

ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is provided.

iii) Provision for retirement benefits

To prepare for the payment of employees' retirement benefits, the amount estimated to arise at the end of the fiscal year ended March 31, 2014 is provided, based on the estimated amount of retirement benefit obligations and plan assets at the end of the fiscal year ended March 31, 2014.

- Method for attribution of estimated retirement benefits to periods

  In the calculation of retirement benefit obligations, the method for attributing estimated retirement benefits to the period up to the end of the fiscal year ended March 31, 2014 is based on the benefit formula.

- Accounting method for actuarial gains or losses and past service costs

  Past service costs are amortized as incurred by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the eligible employees. Actuarial gains or losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the eligible employees.

(9) Translation of receivables and payables denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot rate on the balance sheet date with translation differences treated as gains or losses.

(10) Method and period of amortization of goodwill

Goodwill is amortized using the straight-line method over a certain period within 20 years.

(11) Other significant matters for preparing the non-consolidated financial statements

i) Treatment for retirement benefits

The accounting method for remaining amounts of unrecognized actuarial gains or losses and unrecognized past service costs is different from the accounting method for these amounts in the consolidated financial statements.

ii) Treatment of consumption taxes

Transactions subject to national consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes. However, non-deductible consumption tax, etc. on assets are included in period expenses for the fiscal year in which the tax is incurred.

2. Notes on changes in presentation

Non-consolidated statement of income

Items that were presented as "taxes and dues" under non-operating expenses in the previous fiscal year are included in "other" from the fiscal year ended March 31, 2014 due to the insignificance.

In the fiscal year ended March 31, 2014, "taxes and dues" was ¥678 million.

3. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation for property, plant and equipment: ¥387,363 million

(2) Assets pledged as collateral and obligations secured by collateral

Assets pledged as collateral are as follows:

	(Millions of yen)
Machinery, equipment and vehicles	36,653
Vehicles	24
Tools, furniture and fixtures	55
Total	36,733

Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	60,610

(3) Monetary receivables from and payables to subsidiaries and associates are as follows:

	(Millions of yen)
i) Short-term monetary receivables	124,687
ii) Long-term monetary receivables	–
iii) Short-term monetary payables	41,189
iv) Long-term monetary payables	–

(4) The Group has concluded commitment line contracts with its major correspondent financial institutions to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts is as follows:

	(Millions of yen)
Total amount of commitment line contracts	37,500
Balance of borrowings outstanding	–
Balance	37,500

4. Notes to the non-consolidated statement of income

(1) Amount of transactions with subsidiaries and associates

Net sales ¥479,068 million

Purchase ¥151,081 million

(2) The ending inventory balance represents the value after devaluation of book value according to a decrease in profitability, and loss on valuation of inventories of ¥29 million is included in cost of sales.

(3) Loss on valuation of inventories

This loss represents devaluation for bad inventories due to a significant deterioration in yield in the production process.

5. Notes to the non-consolidated statement of changes in equity

Class and number of treasury shares at the end of the fiscal year ended March 31, 2014

Class of shares	Number of shares at the beginning of the fiscal year ended March 31, 2014	Increase	Decrease	Number of shares at the end of the fiscal year ended March 31, 2014
Common stock	–	1,885,683 shares	1,276,183 shares	609,500 shares
Class A preference share	–	2,600,000 shares	2,600,000 shares	–

Notes: 1. The changes in the number of treasury shares are as follows:

Common stock

Increase:

i) The number of shares increased by 1,200,980 due to the aforementioned merger where the Company acquired the Company's shares held by the former Japan Display, Inc.

ii) The number of shares increased by 13,879 due to the aforementioned merger where the Company issued shares to "the trust exclusively for Japan Display shareholding association."

iii) As of January 28, 2014, the Company implemented a 100-for-1 stock split of the Company's common share, which led to an increase of the number of shares by 670,824.

Decrease:

i) The number of shares decreased by 1,200,980 due to the aforementioned merger where the Company acquired the Company's shares held by the former Japan Display, Inc. and allotted them to the shareholders of the former Japan Display, Inc.

ii) The number of shares decreased by 75,203 as "the trust exclusively for Japan Display shareholding association" sold shares to the employee shareholding association.

Class A Preference Shares

Increase:

The number of shares increased because Class A preference shareholders exercised the subscription warrants to shares on January 27, 2014 and the Company accordingly acquired Class A preference shares as its treasury shares.

Decrease:

The number of shares decreased due to the cancelation of treasury shares upon exercise of the subscription warrants to shares by Class A shareholders on January 27, 2014.

2. The Company has adopted the employee stock ownership plan and presents 609,500 shares in the Company held by the trust exclusively for Japan Display shareholding association as treasury shares. Following resolutions at the meeting of the Board of Directors held on December 19, 2013 and the class meeting of shareholders of class A preference shares on January 27, 2014, a 100-for-1 stock split of the Company's common share was implemented on January 28, 2014.

6. Notes on tax-effect accounting

Breakdown of deferred tax assets and deferred tax liabilities by major cause

	(Millions of yen)
Deferred tax assets	
Tax loss carried forward	48,189
Provision for bonuses	1,626
Advances received	1,115
Inventory devaluation	2,946
Depreciation	3,598
Provision for retirement benefits	7,522
Other	4,496
Subtotal of deferred tax assets	69,496
Valuation allowance	(47,409)
Total deferred tax assets	22,086
Deferred tax liabilities	
Loss on qualified foreign tax	(178)
Liability adjustment account	(408)
Assessed market value of land	(88)
Assessed market value of patent rights	(790)
Other	(217)
Total deferred tax liabilities	(1,683)
Net deferred tax assets	20,402

7. Notes on non-current assets used under leases

Other than non-current assets recorded in the balance sheet, some of manufacturing facilities and fixings for liquid crystal displays are assets used under lease contracts.

8. Notes on transactions with related parties

Subsidiaries and associates

Category	Name	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (Millions of yen)	Account	Balance as of the end of the fiscal year (Millions of yen)
Subsidiary	JDI Display America, Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 14,476	Accounts receivable - trade	2,055
				Business consignment expenses	*4 594	Accounts payable - other	49
						Accrued expenses	50
Subsidiary	JDI Europe GmbH.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 36,098	Accounts receivable - trade	14,004
				Business consignment expenses	*4 472	Accounts payable - other	45
						Accrued expenses	49
Subsidiary	JDI China Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 10,808	Accounts receivable - trade	994
				Business consignment expenses	*4 566	Accounts payable - other	37
						Accrued expenses	42
Subsidiary	JDI Hong Kong Limited	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 330,547	Accounts receivable - trade	65,262
Subsidiary	JDI Taiwan Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 40,174	Accounts receivable - trade	3,149
				Business consignment expenses	*4 168	Accounts payable - other	11
Subsidiary	JDI Korea Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 40,065	Accounts receivable - trade	11,007
Subsidiary	Taiwan Display Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of medium-sized TFT module members and products	*1 992	Accounts receivable - trade	994
				Lending of loans	*5 100	Short-term loans receivable from subsidiaries and associates	101
				Receipt of interest	–	Other current assets	0
Subsidiary	Suzhou JDI Devices Inc.	Owning Direct 100.0%	A manufacturing company of the Company's liquid crystal module components in China. Some directors hold concurrent positions at both companies.	Purchase of small- and medium-sized TFT products	*2 91,280	Accounts payable - trade	13,406
				Supply of small- and medium-sized TFT module members	*3 43,054	Accounts receivable - other	10,532

Category	Name	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (Millions of yen)	Account	Balance as of the end of the fiscal year (Millions of yen)
Subsidiary	Suzhou JDI Electronics Inc.	Owning Direct 100.0%	A manufacturing contractor for the Company's liquid crystal display devices in China. Some directors hold concurrent positions at both companies.	Purchase of small- and medium-sized TFT products	*2 154,416	Accounts payable - trade	19,220
				Supply of small- and medium-sized TFT module members	*3 66,226	Accounts receivable - other	7,842
Subsidiary	Shenzhen JDI Inc.	Owning Direct 78.2%	A manufacturing company of the Company's liquid crystal module components in China. Some directors hold concurrent positions at both companies.	Purchase of backlight members	*2 430	Accounts payable - trade	76
				Lending of loans	*5 –	Short-term loans receivable from subsidiaries and associates	404
				Receipt of interest	1	Other current assets	0
Subsidiary	Kaohsiung Opto-Electronics Inc.	Owning Direct 100.0%	A manufacturing company of the Company's liquid crystal module components in Taiwan. Some directors hold concurrent positions at both companies.	Sale of medium-sized TFT module members	*3 4,901	Accounts receivable - trade	416
				Purchase of small- and medium-sized TFT products	*2 11,434	Accounts payable - trade	3,812
Subsidiary	Nanox Philippines Inc.	Owning Direct 81.0%	A manufacturing company of the Company's liquid crystal module components in the Philippines. Some directors hold concurrent positions at both companies.	Purchase of small- and medium-sized TFT products	*2 43,555	Accounts payable - trade	3,867
				Supply of small- and medium-sized TFT module members	*3 40,029	Accounts receivable - other	8,232
				Lending of loans	*5 1,000	Short-term loans receivable from subsidiaries and associates	1,000
				Receipt of interest	9	Other current assets	1

Notes: 1. Of the amounts above, the transaction amount does not include consumption taxes, and the balance as of the end of the fiscal year includes consumption taxes.

2. Trading conditions and policies for determining trading conditions

*1. Trading conditions such as prices are determined on a case-by-case basis through negotiations by reference to prevailing market prices and other factors.

*2. For purchase of products, trading conditions are determined in the same way as general terms and conditions in consideration of costs of this company.

*3. For supply and sale of members, trading conditions are determined on the basis of prices calculated based on the Company's costs.

*4. The Company made mutual consultations and entered into the service agreement to provide outsourced works.

*5. The interest rates for lending of loans are determined in consideration of market interest rates. No collateral is obtained.

9. Notes on per share information

(1) Net assets per share ¥586.57

(2) Net income per share ¥121.06

Note: The Company implemented a 100-for-1 stock split as of January 28. 2014. Net income per share is, accordingly, calculated based on the assumption that the respective stock split was executed at the beginning of the fiscal year ended March 31, 2014.

10. Notes on significant subsequent events

Not applicable.

11. Notes on business combinations

Transactions under common control, etc.

At the meeting of the Board of Directors on January 30, 2013, it was resolved that the Company would implement an absorption-type merger of the former Japan Display Inc., then the Company's parent company, Japan Display Central Inc. and Japan Display West Inc., then the Company's sister companies, and Japan Display East Products Inc., then the Company's subsidiary. The Company entered into a merger agreement as of the same date and implemented the absorption-type merger as of April 1, 2013. The outline of the merger is as follows.

(1) Outline of the business combination

i) Names of the acquired companies

The former Japan Display Inc.; Japan Display Central Inc.; Japan Display West Inc.; and Japan Display East Products Co., Ltd.

ii) Major reasons of the business combination

The Company decided to implement this merger in order to increase the cost competitiveness and establish the position as a global leading company of small- and medium-sized displays by utilizing the world's most advanced, high-value added technologies of small- and medium-sized displays possessed by each party and making the best use of funds for growth injected by Innovation Network Corporation of Japan (INCJ) to make effective use of each party's production capacity.

iii) Effective date of the business combination

April 1, 2013

iv) Legal structure of the business combination

Absorption-type merger where the Company is the surviving company. The former Japan Display Inc., Japan Display Central Inc., Japan Display West Inc., and Japan Display East Products Co., Ltd. were extinct.

v) Name of the company subsequent to the business combination

Japan Display Inc.

(2) Major businesses and sizes (sales for the latest fiscal year, net income for the latest fiscal year, total assets, liabilities, and net assets, number of employees, etc.) of the acquired companies

The former Japan Display Inc.

Major businesses:	Sale of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	115,350	(As of March 31, 2013)
Total assets (Millions of yen)	316,303	(As of March 31, 2013)
Net assets (Millions of yen)	229,508	(As of March 31, 2013)
Net sales (Millions of yen)	405,143	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	2,083	(From April 1, 2012 to March 31, 2013)
Number of employees	77	(excluding employees on loan) (As of March 31, 2013)

Japan Display Central Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	10,000	(As of March 31, 2013)
Total assets (Millions of yen)	234,806	(As of March 31, 2013)
Net assets (Millions of yen)	(2,261)	(As of March 31, 2013)
Net sales (Millions of yen)	242,869	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	(8,396)	(From April 1, 2012 to March 31, 2013)
Number of employees	2,036	(excluding employees on loan) (As of March 31, 2013)

Japan Display West Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	23,100	(As of March 31, 2013)
Total assets (Millions of yen)	69,720	(As of March 31, 2013)
Net assets (Millions of yen)	25,508	(As of March 31, 2013)
Net sales (Millions of yen)	108,275	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	(3,783)	(From April 1, 2012 to March 31, 2013)
Number of employees	1,880	(excluding employees on loan) (As of March 31, 2013)

Japan Display East Products Inc.

Major businesses:	Manufacture of small- to medium-sized liquid crystal displays	
Capital stock (Millions of yen)	200	(As of March 31, 2013)
Total assets (Millions of yen)	1,275	(As of March 31, 2013)
Net assets (Millions of yen)	224	(As of March 31, 2013)
Net sales (Millions of yen)	14,407	(From April 1, 2012 to March 31, 2013)
Net income (Millions of yen)	219	(From April 1, 2012 to March 31, 2013)
Number of employees	107	(excluding employees on loan) (As of March 31, 2013)

(3) Accounting treatment

The business combination was treated as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, released on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, released on December 26, 2008).

Accordingly, the non-consolidated statement of income of the Company for the fiscal year includes a gain on extinguishment of tie-in shares of ¥10,468 million in extraordinary income and a loss on extinguishment of tie-in shares of ¥5,980 million in extraordinary losses. As a result, income before income taxes for the fiscal year ended March 31, 2014 increased by ¥4,487 million.

Audit Reports

Report of the Independent Auditors for Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 12, 2014

To: The Board of Directors
Japan Display Inc.

KPMG AZSA LLC

Masahiro Mekata (seal)
Designated Limited Liability Partner
Certified Public Accountant

Masahiro Miyahara (seal)
Designated Limited Liability Partner
Certified Public Accountant

Yoshihiro Kurokawa (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Consolidated Financial Statements, including the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements of Japan Display Inc. for the fiscal year from April 1, 2013 to March 31, 2014, pursuant to Paragraph 4, Article 444, of the Companies Act.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the consolidated financial statements referred to above, presents fairly, in all material respects, the financial position and the results of operations of Japan Display Inc. and its consolidated subsidiaries as of the date and for the period for which the consolidated financial statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company
Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountant Act.

Report of the Independent Auditors for Non-Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 12, 2014

To: The Board of Directors
Japan Display Inc.

KPMG AZSA LLC

Masahiro Mekata (seal)
Designated Limited Liability Partner
Certified Public Accountant

Masahiro Miyahara (seal)
Designated Limited Liability Partner
Certified Public Accountant

Yoshihiro Kurokawa (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Financial Statements, including the Balance Sheet, the Statement of Income, the Statement of Changes in Net Assets, Notes to Non-Consolidated Financial Statements and their supplementary statements of Japan Display Inc. for the 12th fiscal year from April 1, 2013 to March 31, 2014, pursuant to Item 1, Paragraph 2, Article 436, of the Companies Act.

Management's responsibility for the Financial Statements, etc.
Management is responsible for the preparation and fair presentation of these financial statements and their supplementary statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of financial statements and their supplementary statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the financial statements and their supplementary statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their supplementary statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and their supplementary statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and their supplementary statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and their supplementary statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and their supplementary statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the financial statements and their supplementary statements referred to above, presents fairly, in all material respects, the financial position and the results of operations of Japan Display Inc. as of the date and for the period for which the financial statements and their supplementary statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company
Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountant Act.

Report of the Board of Company Auditors

AUDIT REPORT

As the results of deliberation, the Board of Company Auditors prepared this Audit Report in accordance with reports presented by each Company Auditor with respect to the performance of duties by the Directors during the 12th fiscal year from April 1, 2013 to March 31, 2014, and report the results as follows:

1. Method and Content of Audit Conducted by Company Auditors and Board of Company Auditors
The Board of Company Auditors received reports from Company Auditors on the implementation of audit and its results, received reports from Directors, etc. and the Independent Auditors on the performance of their duties and asked them details when necessary.
Company Auditors maintain communication with Directors, other employees, etc., endeavor to collect information and establish a system necessary for auditing services, attend meetings of the Board of Directors and other important meetings, receive reports from Directors, employees, etc. on the performance of their duties, ask them details when necessary, review important written decisions, and investigate business and financial conditions at the head office as well as at the main business offices of the Company. In addition, Company Auditors received reports from Directors and employees, etc. on the resolutions of the Board of Directors and the status of the system developed under such resolutions with regard to the development of the system stipulated in Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act (Internal Control System) necessary to ensure the conformity of the performance of duties described in the Business Report by Directors with laws and the Articles of Incorporation and also ensure the appropriateness of business in a corporation, and asked them details and expressed an opinion when necessary.
Company Auditors maintain communication and exchange information with Directors, etc. of subsidiaries, and receive business reports of the subsidiaries when necessary. Through the above methods, Company Auditors review business reports and detailed statements of the Company for such fiscal year.
Further, we monitored and verified that the Independent Auditors have maintained their independence and conducted appropriate audits. Also, we received reports from the Independent Auditors regarding the execution of their duties and requested explanations as needed. The Company received a notice from the Independent Auditors purporting to the formulation of a “System to ensure proper performance of its duties” (provided in each item of Article 131 of the Corporate Accounting Rules) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005), among others, and requested explanations as needed. Through the above methods, we reviewed financial statements for such fiscal year (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Results of Audit
(1) Audit Results of Business Reports, etc.
1) We certify that the business reports and their detailed statements fairly present the situation of the Company in accordance with laws and the Articles of Incorporation.
2) We found no wrongful act or material fact in violation of laws or the Articles of Incorporation with respect to the performance of duties by the Directors.
3) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter to be pointed out about the description in the business report and performance of duties by the Directors with respect to the internal control system.

(2) Audit Results of Financial Statements and Supplementary Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

(3) Audit Results of Consolidated Financial Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

May 13, 2014

Board of Company Auditors of Japan Display Inc.

Kazuo Kawasaki (seal)
Standing Company Auditor

Youichi Etou (seal)
Outside Company Auditor

Toshiaki Kawashima (seal)
Outside Company Auditor