Securities Code: 6740

June 4, 2015

To our shareholders

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

Notice of the 13th Annual General Meeting of Shareholders

The 13th 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 12 by 5:30 p.m., Monday, June 22, 2015.

1. Date and Time: Tuesday, June 23, 2015, at 10 a.m. (Reception begins at 9 a.m.)
2. Venue: Hikarie Hall on the 9th floor
   Shibuya Hikarie
   2-21-1, Shibuya, Shibuya-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 13th Fiscal Year (from April 1, 2014 to March 31, 2015)
   2. Non-consolidated Financial Statements for the 13th Fiscal Year (from April 1, 2014 to March 31, 2015)

   Matters to be resolved:

   Proposal No. 1: Appropriation of Surplus

   Proposal No. 2: Election of Six (6) Directors

   Proposal No. 3: Determination of the Amount and Details of Remuneration to Directors Provided as Stock Options

   Proposal No. 4: Partial Amendments to the Articles of Incorporation

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/)

- ○ In the lobby of the venue there will be a display of our products, which we would like you to view.
- ○ 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: Appropriation of Surplus

In order to correct its capital structure and ensure flexibility in its capital policy from now, the Company proposes that its deficit be covered by reversing ¥114,027,292,621 of the Company's ¥230,086,567,951 in other capital surplus and transferring it to retained earnings brought forward, pursuant to the provisions of Article 452 of the Companies Act.

(1) Item and amount of decrease in surplus:

Other capital surplus ¥114,027,292,621

(2) Item and amount of increase in surplus:

Retained earnings brought forward ¥114,027,292,621

(3) Effective date of the appropriation of surplus

June 24, 2015

Proposal No. 2: Election of Six (6) Directors

Of the six Directors who were elected at the Company's General Meeting of Shareholders held on June 24, 2014, Mr. Yoshimitsu Kobayashi resigned on March 31, 2015, and the terms of office of the remaining five (5) Directors will expire at the conclusion of this 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 Newly elected	Mitsuru Homma (November 6, 1947)	Apr. 1970	Entered SANYO Electric Co., Ltd.	0
		Jun. 2002	Executive Officer of SANYO Electric Co., Ltd.	
		Apr. 2003	Executive Officer of SANYO Electric Co., Ltd. President of Mobile Energy Company (SANYO's in-house company)	
		May 2005	Vice Chairman of the Battery Association of Japan	
		Feb. 2006	Member of the Board of Directors and Executive Officer of SANYO Electric Co., Ltd.	
		Mar. 2007	Chairman of the Battery Association of Japan	
		Apr. 2008	Member of the Board of Directors and Executive Vice President of SANYO Electric Co., Ltd.	
		Jun. 2010	Executive Director and Executive Vice President of SANYO Electric Co., Ltd.	
		May 2013	Retired as Chairman of the Battery Association of Japan	
		Jun. 2013	Retired as Representative Director and Executive Vice President of SANYO Electric Co., Ltd.	
2 Re-elected	Shuji Aruga (March 22, 1959)	Apr. 1983	Entered Suwa Seikosha Co., Ltd. (now Seiko Epson Corporation)	4,000
		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)	
		Jul. 2014	Executive Officer, and Chief Operating Officer and Chief Business Officer (current position)	

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
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 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) Nov. 2014 Director, JOLED Inc. (current position)	0
4 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
5 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) Jun. 2014 Outside Director of WOWOW INC. (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
6 Newly elected	Hajime Sawabe (January 9, 1942)	Apr. 1964 Entered Tokyo Denki Kagaku Kogyo K.K. (now TDK Corporation) Apr. 1991 General Manager, European Business Department, Recording Media Business Division of TDK Corporation Jun. 1996 Director & Manager of Recording Device Business Division of TDK Corporation Jun. 1998 Representative Director, President and CEO of TDK Corporation Jun. 2006 Representative Director, Chairman of TDK Corporation Jun. 2008 Outside Director of TEIJIN LIMITED (current position) Mar. 2011 Outside Audit & Supervisory Board Member of Nikkei Inc. (current position) Jun. 2011 Director & Chairman of the Board of Directors of TDK Corporation Apr. 2012 Director of Japan Management Association (current position) Jun. 2012 Counsellor of TDK Corporation (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, Katsuhiko Shirai, Hiroshi Kanno and Hajime Sawabe 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. 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.

   (3) 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) Mr. Hajime Sawabe was selected as candidate for Outside Director based on his wealth of experience and his expertise as an executive of a large company, and we would like for him to use these to help the management of the Company.

4. Messrs. Koichiro Taniyama, 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 3 years and 4 months, Mr. Shirai will have served for 3 years, and Mr. Kanno will have served for 2 years and 9 months.

5. The Company has entered into an agreement with Mr. Taniyama, 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. In case Mr. Hajime Sawabe is elected, the Company plans to conclude the similar agreement to limit liabilities of damages.

6. The Company has designated Messrs. Katsuhiko Shirai and Hiroshi Kanno as independent officers pursuant to the regulations of the Tokyo Stock Exchange. If their election is approved, the Company will continue their designation as independent officers. In addition, Mr. Hajime Sawabe fulfills the requirements for an independent officer pursuant to the regulations of the Tokyo Stock Exchange, and the Company plans to notify the Tokyo Stock Exchange of his designation as independent officer if the election of Mr. Hajime Sawabe is approved.

Proposal No. 3: Determination of the Amount and Details of Remuneration to Directors Provided as Stock Options

At an Extraordinary Shareholders Meeting held on March 27, 2013, the shareholders' approval was given for annual remuneration for JDI's directors of up to ¥250 million. As additional remuneration separate from the foregoing amount, JDI requests that shareholders approve a grant of stock options up to the amount of ¥100 million to its directors (excluding outside directors) for the period of 1 year from this Annual General Meeting of Shareholders. The total amount of remuneration as stock options to be granted will be the product obtained by multiplying the fair value of one stock option by the total number of stock options allotted. If Proposal No. 2 (Election of Six (6) Directors) is approved as proposed, the number of Directors eligible for the granting of stock acquisition rights would be two.

1. Reason for issuing stock acquisition rights as stock options

The purpose of issuing the stock acquisition rights as stock options is to give the directors further incentive to strive for improvement of JDI's performance and an increase in JDI's corporate value. The stock acquisition rights will be issued to the directors as stock options, under the following terms and conditions.

2. Terms and conditions for the issuance of the stock acquisition rights

(1) Class and number of shares to be delivered upon exercise of the stock acquisition rights

Up to 500,000 shares of JDI's common stock

However, if subsequent to the date on which this proposal is approved (the "Resolution Date"), JDI conducts a stock split or stock consolidation, the number of shares to be delivered upon exercise of the stock acquisition rights (the "Number of Shares Granted") will be adjusted according to the formula below; provided, however, that this adjustment will only be made on the Number of Shares Granted that have not yet been exercised up to that time. Any fractional shares resulting from this adjustment will be disregarded.

Adjusted No. of shares = Pre-adjustment No. of shares × Ratio of stock split or stock consolidation

Furthermore, if subsequent to the Resolution Date, JDI conducts a capital decrease, merger or company split or any other event occurs necessitating adjustment of the Number of Shares Granted, the number of shares will be reasonably adjusted taking into account the terms and conditions of the capital decrease, merger, company split or other event.

(2) Total number of stock acquisition rights to be issued

The maximum number will be 5,000 (the Number of Shares Granted is 100; however, if an adjustment of the number of shares as stipulated in (1) above is carried out, the Number of Shares Granted will be adjusted accordingly.).

(3) Stock acquisition right pay-in amount

The pay-in amount will be the fair price as calculated on the date on which the stock option is allotted (the "Allotment Date") using the Black-Scholes model. In lieu of payment of the pay-in amount, the person to whom the stock acquisition right will be allotted will set off his/her payment obligation against his/her claims for his/her remuneration against JDI.

(4) Value of assets contributed upon exercise of stock acquisition right or method for calculating that value

The value of assets to be contributed upon the exercise of a stock acquisition right is the amount obtained by multiplying (a) the pay-in amount (the "Strike Price") per one share of stock that may be received through the exercise of the stock acquisition right by (b) the Number of Shares Granted.

The Strike Price is the amount obtained by multiplying (a) the average value of the closing price in regular trading (the "Closing Price") of common shares of JDI on the Tokyo Stock Exchange on all days (excluding any day on which no such shares were traded) during the month prior to the month in which the Allotment Date falls by (b) 1.05 (rounded up to the nearest whole yen); provided, however, that if the amount obtained is less than the Closing Price on the Allotment Date (if there is no Closing Price on that day, then the Closing Price on the immediately preceding trading day), then the Strike Price will be the Closing Price on the Allotment Date.

If subsequent to the Allotment Date any of the following events occurs, the value of assets to be contributed will be the amount obtained by multiplying the Number of Shares Granted by the Strike Price as adjusted according to the relevant formula below (rounded up to the nearest whole yen).

(i) In the event JDI undergoes a stock split or stock consolidation

$$\text{Adjusted Strike Price} = \text{Pre-adjustment Strike Price} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

(ii) Issuance by JDI of shares for subscription at a price lower than market price (including issuance of shares through gratis allotment of shares or delivery of treasury shares; excluding cases when of exercise of stock acquisition rights (including bonds with stock acquisition rights), cases of issuance of new shares at a fair price and cases conversion of convertible securities into JDI's common shares)

$$\text{Adjusted Strike Price} = \text{Pre-adjustment Strike Price} \times \frac{\text{No. of already issued shares} + \dfrac{\text{No. of newly issued shares} \times \text{pay-in price per share}}{\text{Share price prior to new issuance}}}{\text{No. of already issued shares} + \text{No. of newly issued shares}}$$

"No. of already issued shares" in the above formula means the number of issued shares of JDI less the number of treasury shares; if treasury shares are disposed of, the term "No. of newly issued shares" will be replaced by "No. of disposed shares" and "amount paid per share" will be replaced by "disposal price per share."

(iii) If JDI conducts a capital decrease, merger or company split or any other event occurs necessitating adjustment of the Strike Price, the Strike Price will be reasonably adjusted taking into account the terms and conditions of the capital decrease, merger, company split or other event.

(5) Period during which the stock acquisition rights may be exercised

The exercise period for the stock acquisition rights will be starting from the second anniversary of the date of the Board of Directors decision concerning allotment of the stock acquisition rights and ending at the date decided by the Board of Directors that is within 10 years from the date of the Board of Directors decision concerning allotment of the stock acquisition rights (if such ending date is not a JDI's business day, then the immediately preceding business day).

(6) Conditions for exercise of the stock acquisition rights

(i) If the stock option holder was subject to a disciplinary discharge, resignation under instruction or similar disciplinary measure or other punishment from JDI or one of its subsidiaries, he/she may not exercise any of the stock options he/she holds; provided, however, that this will not apply when his/her exercise of the stock option is specially approved by a resolution of the Board of Directors.

(ii) If the stock option holder becomes an employee or officer of a company which is substantially in competition with JDI without the prior written consent of JDI, he or she may not exercise stock acquisition rights.

(7) Matters related to the increase in stated capital and capital reserve when shares are issued through the exercise of stock acquisition rights

The amount of capital increase when shares are issued through the exercise of the stock acquisition rights shall be one half of the Increase Limit of Stated Capital, Etc. calculated in accordance with

Article 17, Paragraph 1 of the Ordinance on Accounting of Companies (rounded up to the nearest whole yen) and the remainder will be allocated to capital reserve.

(8) Restriction on transfer of stock acquisition rights

Acquisition of the stock acquisition rights through a transfer must be approved by JDI's Board of Directors.

(9) Acquisition of stock acquisition rights by JDI

JDI, on a date separately determined by its Board of Directors, may acquire some or all of the stock acquisition rights without providing compensation. If only a part of the stock acquisition rights are to be acquired, the Board of Directors will determine upon a resolution which will be acquired.

(10) Other matters concerning stock acquisition rights

To be decided at the meeting of JDI's Board of Directors at which matters concerning the subscription of the stock acquisition rights are decided.

Proposal No. 4: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

(1) In order to further strengthen its management structure, the Company plans to increase the number of its Representative Directors to two persons.

In order to prescribe the roles of multiple Representative Directors under this new management structure, the Company proposes to partially amend the provisions of Article 14 (Convenor and Chairperson of General Meetings), Article 22 (Representative Directors and Directors with Special Titles), Article 24 (Convenor of the Board of Directors), and Article 26 (Chairperson of the Board of Directors).

(2) The "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014) was enforced on May 1, 2015, and as a result it became permissible for the Company to enter into limited liability agreements with Directors who are not Executive Directors, etc. and Company Auditors who are not Outside Company Auditors. Accordingly, in order to enable the said Directors and Company Auditors to sufficiently perform the duties expected of them, the Company proposes to partially amend Article 31 (Exemption of Directors from Liabilities) and Article 41 (Exemption of Company Auditors from Liabilities). The Company has obtained the consent of its Company Auditors to the proposed amendment of Article 31.

2. Details of Amendments

Details of the amendments are as follows.

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
(Convenor and Chairperson of the General Meetings) Article 14 (text omitted) 1. The General Meetings shall be convened and chaired by the Representative Director of the Company based on a resolution of the Board of Directors unless otherwise provided for in laws and regulations. 2. In the absence or disability of the Representative Director, another Director shall convene the meetings and act as Chairperson in accordance with the order predetermined by the Board of Directors.	(Convenor and Chairperson of the General Meetings) Article 14 (no change) 1. The General Meetings shall be convened and chaired by the Representative Director of the Company <u>(if there are multiple Representative Directors, a Representative Director predetermined by the Board of Directors)</u> based on a resolution of the Board of Directors unless otherwise provided for in laws and regulations. 2. In the absence or disability of the Representative Director <u>in the preceding paragraph</u>, another Director shall convene the meetings and act as Chairperson in accordance with the order predetermined by the Board of Directors.
(Representative Directors and Directors with Special Titles) Article 22 1. (text omitted) 2. The Company may, subject to a resolution of its Board of Directors, appoint a Director and President and other Directors with Special Titles.	(Representative Directors and Directors with Special Titles) Article 22 1. (no change) 2. The Company may, subject to a resolution of its Board of Directors, appoint <u>a Chairperson of the Board of Directors,</u> a Director and President and <u>a small number of</u> other Directors with Special Titles.

Existing Articles of Incorporation	Proposed Amendments
(Convenor of the Board of Directors) Article 24 1. Meetings of the Board of Directors shall be convened by the Representative Director unless otherwise provided for in laws and regulations.	(Convenor of the Board of Directors) Article 24 1. Meetings of the Board of Directors shall be convened by the Representative Director (if there are multiple Representative Directors, a Representative Director predetermined by the Board of Directors) unless otherwise provided for in laws and regulations.
2. If the Representative Director is unable to perform the task prescribed in the preceding paragraph, another Director shall convene the meetings of the Board of Directors in accordance with the order predetermined by the Board of Directors.	2. If the Representative Director in the preceding paragraph is unable to perform the task prescribed in the preceding paragraph, another Director shall convene the meetings of the Board of Directors in accordance with the order predetermined by the Board of Directors.
(Chairperson of the Board of Directors) Article 26 1. Meetings of the Board of Directors shall be chaired by the Representative Director.	(Chairperson of the Board of Directors) Article 26 1. Meetings of the Board of Directors shall be chaired by the Representative Director (if there are multiple Representative Directors, a Representative Director predetermined by the Board of Directors).
2. If the Representative Director is unable to perform the task set forth in the preceding paragraph, another Director shall chair meetings of the Board of Directors in accordance with the order predetermined by the Board of Directors.	2. If the Representative Director in the preceding paragraph is unable to perform the task set forth in the preceding paragraph, another Director shall chair meetings of the Board of Directors in accordance with the order predetermined by the Board of Directors.
(Exemption of Directors from Liabilities) Article 31 1. (text omitted) 2. The Company may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with its Outside Directors to limit their liabilities for damages arising from negligence of the performance of their duties; provided, however, that the maximum limit on the amount of liability under said agreement shall be the amount prescribed by laws and regulations.	(Exemption of Directors from Liabilities) Article 31 1. (no change) 2. The Company may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with its Directors (excluding Directors who are Executive Directors, etc.) to limit their liabilities for damages arising from negligence of the performance of their duties; provided, however, that the maximum limit on the amount of liability under said agreement shall be the amount prescribed by laws and regulations.
(Exemption of Company Auditors from Liabilities) Article 41 1. (text omitted) 2. The Company may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with its Outside Company Auditors to limit their liabilities for damages arising from negligence of the performance of their duties; provided, however, that the maximum limit on the amount of liabilities under said agreement shall be the predetermined amount equal to or greater than the amount prescribed by laws and regulations or the amount prescribed by laws and regulations, whichever is the greater.	(Exemption of Company Auditors from Liabilities) Article 41 1. (no change) 2. The Company may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with its Company Auditors to limit their liabilities for damages arising from negligence of the performance of their duties; provided, however, that the maximum limit on the amount of liabilities under said agreement shall be the predetermined amount equal to or greater than the amount prescribed by laws and regulations or the amount prescribed by laws and regulations, whichever is the greater.

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 23, 2015, at 10 a.m. (Reception begins at 9 a.m.)

Venue: Hikarie Hall on the 9th floor, Shibuya Hikarie

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 22, 2015

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 13 for notes on the exercise of voting rights on the Internet, etc.

Exercise Deadline: 5:30 p.m. on Monday, June 22, 2015

For operational inquiries related to PCs, 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.)

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 22, 2015, 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, 2014 to March 31, 2015)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

i) Operating performance

During the fiscal year ended March 31, 2015, demand in the small and medium-sized display market grew substantially in parallel with the expansion of the smartphone market. In particular, new models of Apple Inc.'s globally popular iPhone smartphones mounting larger and higher resolution low-temperature polycrystalline silicon (LTPS) displays than displays mounted on previous models were launched in September 2014, and drove the market. In China, where the use of smartphones continues to expand, low-priced smartphones have become popular, but market demand for smartphones with larger and higher resolution displays have risen simultaneously in the wake of progress made in the development of telecommunication networks, and demand for smartphones with high-end displays has expanded.

Despite this backdrop, net sales for the six months ended September 30, 2014 were weak due to delayed shipments to a major customer and decreased demand from traditional major global smartphone manufacturers. Nevertheless, net sales for the full-term significantly exceeded those of the previous fiscal year as shipments to the major customer expanded from the third fiscal quarter and shipments of high-end displays with Full-HD and higher-resolution for Chinese smartphone makers increased.

Following the V-shaped recovery achieved in the third and fourth fiscal quarters, JDI posted a full-term surplus both at operating and ordinary levels for three consecutive fiscal years since its establishment. However, operating income and ordinary income decreased year on year due to a decrease in net sales in the six months ended September 30, 2014 and a decline in selling prices in the wake of falling market prices for displays. During the fiscal year under review, JDI posted subsidy income of ¥13.5 billion as an extraordinary gain, while posting a loss of ¥11.9 billion on a reduction of non-current assets associated with this subsidy as an extraordinary loss. In addition, JDI posted provision of an allowance for doubtful accounts of ¥2.1 billion in respect of its claims against a business partner which filed a petition for corporate rehabilitation proceedings during the second fiscal quarter, and posted a business structure improvement expenses of ¥9.5 billion in the fourth fiscal quarter upon deciding to close the Fukaya Plant, which operated an obsolete G3 LTPS LCD line (glass substrate size: 550 mm × 670 mm), in order to enhance its future competitiveness. Consequently, JDI was forced to post a net loss for the fiscal year.

During the fiscal year under review, JDI expanded production of LTPS LCD panels on the G6 LCD production line at the Mobara Plant (glass substrate size: 1,500 mm × 1,850 mm) to 50,000 a month, and decided to build a new plant for G6 LTPS LCD panels in Hakusan City, Ishikawa Prefecture, in order to meet constantly expanding market demand for high-resolution smartphone displays.

As a result, in the fiscal year ended March 31, 2015, we reported net sales of ¥769,304 million (up 25.2% year on year), operating income of ¥5,147 million (down 81.4% year on year), ordinary income of ¥1,864 million (down 90.2% year on year), and net loss of ¥12,270 million (net income of ¥33,918 million for the same period last year).

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

Mobile device category

This category includes displays for smartphones, tablet devices, and traditional mobile phones. Net sales in the fiscal year ended March 31, 2015, in the mobile business totaled ¥615,052 million, accounting for 79.9% of overall net sales.

During the fiscal year under review, sales of high-resolution LTPS LCD modules, for which the JDI Group has a good track record, expanded sharply in step with the expansion of the smartphone market. In particular, during the fourth fiscal quarter, the sales of Pixel Eyes™, in-cell touch display modules embedded with the touch-panel functions in which JDI has strengths, improved substantially in the fourth fiscal quarter. Elsewhere, JDI marked the world's first mass production WQHD displays (with a resolution of 1,440 × 2,560 pixels) using in-cell touch technology.

Automotive electronics, C&I and other category

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, 2015, net sales in the Automotive, C&I and other businesses totaled ¥154,252 million, accounting for 20.1% of overall net sales.

During the fiscal year under review, against the backdrop of robust automobile sales in the United States and China, sales of displays for automotive electronics remained stable and sales of displays for game devices were solid. Looking ahead to the future expansion of sales of automotive displays, JDI decided to open the new office of JDI Display America, Inc., the Company's regional sales company in the United States, in June 2014, and ramp up the automotive display module-assembly capacity at Kaohsiung Opto-Electronics Inc., a subsidiary in Taiwan.

ii) Capital investments

The JDI Group's total capital investments during the fiscal year ended March 31, 2015, was ¥85,765 million. The main item was the ¥41,010 million investment to expand production capacity at the Mobara Plant's G6 new production line and the ¥15,773 million investment in the R&D facilities at the Ishikawa Plant.

iii) Financing

For the purpose of financing working capital in an efficient and stable manner, JDI has entered into contracts for commitment lines aggregating ¥37,500 million with major financial institutions.

(2) Financial position and profit/loss

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

	10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year (Current year)
	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net sales (Millions of yen)	133,974	165,144	614,567	769,304
Operating income (loss) (Millions of yen)	(3,890)	10,106	27,624	5,147
Ordinary income (loss) (Millions of yen)	(7,237)	8,549	19,072	1,864
Net income (loss) (Millions of yen)	(2,560)	3,555	33,918	(12,270)
Net income (loss) per share (Yen)	(21.32)	29.61	135.09	(20.42)
Total assets (Millions of yen)	94,494	115,034	758,975	831,622
Net assets (Millions of yen)	(13,426)	(3,481)	405,144	402,626
Net assets per share (Yen)	(112.44)	(29.93)	673.28	666.92

Notes: 1. Starting from the 12th fiscal year, 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 accounting auditor as stipulated in Article 444(4) of the Companies Act.

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

	10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year (Current year)
	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net sales (Millions of yen)	133,151	108,907	590,880	750,983
Operating income (loss) (Millions of yen)	(8,813)	4,236	13,913	(7,563)
Ordinary income (loss) (Millions of yen)	(8,846)	4,642	7,565	(5,023)
Net income (loss) (Millions of yen)	(2,156)	(6,624)	30,395	(14,238)
Net income (loss) per share (Yen)	(17.95)	(55.16)	121.06	(23.69)
Total assets (Millions of yen)	88,700	80,512	704,890	773,807
Net assets (Millions of yen)	(24,324)	(30,949)	352,401	336,687
Net assets per share (Yen)	(202.54)	(257.70)	586.57	559.98

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 10th and 11th fiscal years are the 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.	KRW600 million	100.0	Sales of small- to medium-sized displays
Taiwan Display Inc.	NT$470 million	100.0	Sales of small- to medium-sized displays, etc.
Suzhou JDI Devices Inc.	US$45 million	100.0	LCD module assembly
Suzhou JDI Electronics Inc.	CNY1,043 million	100.0	LCD module assembly
Shenzhen JDI Inc.	US$22 million	78.2	Production and sales of backlight units for LCD modules
Nanox Philippines Inc.	¥954 million	81.0	LCD module assembly; Sales of small- to medium-sized displays
Kaohsiung Opto-Electronics Inc.	NT$500 million	100.0	Design and assembly of LCD modules

Note: Taiwan Display Inc. carried out a capital increase of NT$440 million in June 2014.

(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) JDI Group's Perception of the Status Quo

JDI Group aspires to establish its status as a global leading company with both technological and production capabilities for small- to medium-sized displays.

The JDI Group has endeavored to further strengthen its technological capabilities and secure production capabilities that surpass its customers' requirements, and invested directed capital expenditure, etc. into ongoing R&D activities and production lines that enhance such capabilities. These activities have paid off, and the JDI Group has steadily established a customer base in the small- to medium-sized display market. From consolidated net sales of ¥457,378 million of the former Japan Display Inc. (*) as the controlling company at the time of its business inauguration in the fiscal year ended March 31, 2013, consolidated net sales grew to 168% of that amount in the fiscal year ended March 31, 2015, and operating income was achieved for three consecutive fiscal years. In addition, recognizing that securing its financial base is also a major management target, the Group secured a sound financial structure (in other words, a high shareholders' equity ratio) in addition to mobility and flexibility in its finances (substantially no debt).

The JDI Group announced in March 2015 that it will construct a new factory to respond to strong demand from smartphone customers. Furthermore, the Group will push ahead for further business growth in fields other than smartphones by such means as strengthening its business in the automobile display market and working to secure business in the new field of reflective displays. By doing so, the Group will aim for an operating margin of 10%, an EBITDA ratio of 20% and ROE of at least 10% as its targets for three years' time, and will aim to establish a revenue base to enable growth to an even higher level.

(*) 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. Therefore, the controlling company as of the time of business inauguration is described as the "former Japan Display Inc."

(ii) Issues to be addressed and approaches to addressing such issues

i) Growth of Market Share

The smartphone market segment of the small- to medium-sized display market is continuing to expand particularly rapidly, and market demand for high-resolution displays is increasing. In such a market, the JDI's goals are to further expand its share of the display market. Expanding market share is indispensable for the early recovery of development and capital investments, reinvesting funds recovered, and achieving sustainable growth.

The JDI Group will expand its share of the smartphone market by proposing cutting-edge technologies based on IPS and LTPS to customers ahead of competitors, and by building production capabilities commensurate with such technologies ahead of competitors. The JDI Group actively proposes to its customers such high-resolution products as WQHD (with a resolution of 1,440 × 2,560 pixels) displays, in-cell touch Pixel Eyes™, and IPS-NEO™, which deliver high contrast and high image quality, thereby contributing to the expansion of design-ins and enhancing customer satisfaction.

With respect to displays other than those for smartphones, JDI commenced mass production of instrument panel-use variant LCD modules for the automotive market where increase in the number of displays installed per car is expected. In addition, to strengthen its support for automobile manufacturers in North America, JDI is moving ahead to enhance its business by opening a new office in Detroit Metropolitan area in June 2014. JDI will also develop new markets by beginning to market ultra-low power consumption memory-in-pixel reflective-type LCD modules for wristwatch-type wearable devices (including smartwatches) and digital signage.

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 earnings.

The JDI Group launched mass production at the G5.5 Nomi Plant on the Ishikawa site in June 2012, and launched mass production on the new G6 production line at the Mobara Plant in June 2013. During the fiscal year ended March 31, 2015, the JDI Group ramped up the production capacities of these production lines. The Nomi Plant's production capacity increased from 21,500 sheets per month to 25,500 sheets per month, and the Mobara Plant's new production line had a production capacity of 50,000 sheets per month, up from 24,000 sheets per month. As a result, since starting up operation of the new production line at the Mobara Plant, the JDI Group has secured the world's largest production capacity for LTPS LCD panels. The new production line at the Mobara Plant uses the world's largest G6 mother glass (glass substrate size: 1,500 mm × 1,850 mm) and has high production efficiency. The G6 mother glass has a planar dimension approximately four times that of the G4.5 glass substrates used in the Mobara Plant's older production line. Because a substantially larger number of LCD panels can be obtained from one sheet, it is possible to reduce the production cost of a glass substrate. Furthermore, introducing cutting-edge manufacturing equipment to the new production line has made it possible to improve the yield ratio, reduce costs by shortening cycle time and other factors, embody evolving technologies, and enhance product quality.

Moreover, to keep up with expanding market demand for cutting-edge small- to medium-sized displays, the JDI Group announced in March 2015 its decision to expand production capacity by building a new plant for LCD panels in Hakusan City, Ishikawa Prefecture. This new plant, using the same G6 mother glass as in the new production line at the Mobara Plant and having a production capacity of 25,000 sheets per month, is due to become operational in 2016. When the new plant becomes operational, the JDI Group's overall LCD panel production capacity will expand by more than 20%. The investment cost for the new plant will be financed by JDI's own cash flows and other receipts, as JDI works to reduce excessive financial burdens associated with capital investments wherever possible. JDI will also consider expanding module assembly capacity corresponding to the ramp-up of the new plant.

Going forward, the JDI Group will make every effort to put in place a framework to launch competitive products in the marketplace in a timely manner by investing on cutting-edge production facilities ahead of competitors.

iii) Investment in Research and Development

As electronics devices have become increasingly sophisticated, in the small- to medium-sized display market, demand has grown for products requiring complex and difficult technologies, such as providing high resolution while also featuring low power consumption and narrow borders. 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 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 makes it a fundamental R&D policy to continuously develop LTPS LCD technologies in which it has strengths and pursue innovative technologies that can create a paradigm shift, and the Research and Development Division plays a central role in those development activities. 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 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 is investing 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.

With the aim of accelerating development for mass production and achieving early commercialization of OLED display panels, the JDI Group established JOLED Inc., jointly with Innovation Network Corporation of Japan, Sony Corporation, and Panasonic Corporation. On January 5, 2015, JOLED Inc. started operations. The JDI Group will examine the future potential for developing medium-sized displays for application to notebook PCs, which are increasingly required to be lighter and thinner, by building a strong cooperative relationship with JOLED, which can mobilize the world's highest level of OLED technologies and resources. At the same time, the JDI Group will further accelerate its own R&D activities on OLED, which it has undertaken independently, by maximizing synergies from working with JOLED.

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 production 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 undertakes company-wide activities to reduce costs. These initiatives entail monitoring the costs of components and processing costs for each product model, and important themes to help reduce such costs are identified and put into practice as cost reductions under the direct supervision of the management team. Cost-reduction activities extend even to fixed costs, which are not tied to production volume, through promoting rationalization and efficiency. In addition, Pixel Eyes™, which adopts in-cell touch technologies and the touch function is embedded in the panel, can be considered to contribute to cost reductions because it doesn't use a discrete touch panel.

Going forward, the JDI Group will strengthen its manufacturing cost competitiveness by continuing to improve the yield ratio of its production lines, improve productivity, internally manufacture or change components, reduce the number of components, and increase the automation of back-end manufacturing lines. As part of its drive to reduce manufacturing costs, the JDI Group closed a part of the amorphous silicon line at the Mobara Plant in fiscal year 2012, closed the amorphous silicon line at the Ishikawa Site in fiscal year 2013, and plans to close the Fukaya Plant with its G3 LTPS line (glass substrate size: 550 mm × 670 mm) in fiscal year 2015.

(5) Main business (As of March 31, 2015)

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, 2015)

i) The Company's offices and plants

Headquarters		Minato-ku, Tokyo
Western Japan Office		Osaka City, Osaka
Ebina Office		Ebina City, Kanagawa
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, 2015)

Employees of the corporate group

Number of employees	Increase (decrease) from the previous fiscal year-end
16,551	Increase of 505

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

(8) Major lenders (As of March 31, 2015)

Lenders	Outstanding borrowing (Millions of yen)
Hitachi, Ltd.	13,985
TOSHIBA CORPORATION	3,110

2. Status of the Company

(1) Shares (As of March 31, 2015)

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: 70,130

iv) Major shareholders

Name of shareholders	Number of shares	Shareholding ratio (%)
Innovation Network Corporation of Japan (INCJ)	214,000,000	35.6
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	44,940,800	7.5
Sony Corporation	10,700,000	1.8
TOSHIBA CORPORATION	10,700,000	1.8
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	6,387,000	1.1
The Master Trust Bank of Japan, Ltd. (Trust account)	6,175,900	1.0
MSCO CUSTOMER SECURITIES	5,847,000	1.0
Japan Trustee Services Bank, Ltd. (Trust Account)	5,560,200	0.9
Hitachi, Ltd.	5,474,400	0.9
BNYM TREATY DTT 15	4,750,053	0.8

Note: The shareholding ratios are calculated with treasury shares (140,600 shares) excluded.

(2) Stock acquisition rights, etc.

i) Stock acquisition rights held by the Company's officers at the end of the fiscal year that were delivered as consideration for their performance of duties

		1st stock option	2nd stock option
Resolution date of issuance		March 27, 2013	March 27, 2013
Number of stock acquisition rights		85,250	13,400
Class and number of shares underlying stock acquisition rights		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 stock acquisition rights		No payment is required for stock acquisition rights.	No payment is required for stock acquisition rights.
Value of the property to be contributed when stock acquisition rights 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 stock acquisition rights		Note 1	Note 1
Stock acquisition rights held by officers	Directors (excluding Outside Directors)	Number of stock acquisition rights: 4,320 Number of shares underlying stock acquisition rights: 432,000 Number of holders: 2	Number of stock acquisition rights: 6,680 Number of shares underlying stock acquisition rights: 668,000 Number of holders: 2
	Outside Directors	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0
	Company Auditors	Number of stock acquisition rights: 2,160 Number of shares underlying stock acquisition rights: 216,000 Number of holders: 1	Number of tock acquisition rights: 840 Number of shares underlying stock acquisition rights: 84,000 Number of holders: 1

- With the April 1, 2013 merger, 1st stock option and 2nd stock option were delivered to holders of the former Japan Display Inc. stock acquisition rights. (*) 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.
- The stock acquisition rights held by Company Auditors are those granted to them when they were enrolled as employees.
- With the 100-for-1 stock split executed on January 28, 2014, adjustments have been made to both the "Class and number of shares underlying stock acquisition rights" and the "Value of the property to be contributed when stock acquisition rights 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 stock acquisition rights are as follows:

i) Regardless of the exercise period stipulated above, stock acquisition rights 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 stock acquisition rights may not, in principle, exercise any stock acquisition rights held, if said holder of stock acquisition rights 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 stock acquisition rights may not, in principle, exercise one-half of stock acquisition rights held if said holder of stock acquisition rights voluntarily retires from the Company or a subsidiary of the Company.

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

v) In principle, stock acquisition rights may not be succeeded to another individual.

vi) Other conditions for exercising stock acquisition rights shall be pursuant to the "Stock Acquisition

Rights Allotment Agreement" concluded between the Company and the holders of stock acquisition rights.

		6th stock option	7th stock option
Resolution date of issuance		October 30, 2013	October 30, 2013
Number of stock acquisition rights		25,960	340
Class and number of shares underlying stock acquisition rights		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 stock acquisition rights		No payment is required for stock acquisition rights.	No payment is required for stock acquisition rights.
Value of the property to be contributed when stock acquisition rights 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 stock acquisition rights		Note 2	Note 2
Stock acquisition rights held by Officers	Directors (excluding Outside Directors)	Number of stock acquisition rights: 1,660 Number of shares underlying stock acquisition rights: 166,000 Number of holders: 1	Number of stock acquisition rights: 340 Number of shares underlying stock acquisition rights: 34,000 Number of holders: 1
	Outside Directors	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0
	Company Auditors	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0

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

Note 2: The conditions for exercising stock acquisition rights are as follows:

i) A holder of stock acquisition rights may not, in principle, exercise any stock acquisition rights held, if said holder of stock acquisition rights 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 stock acquisition rights may not, in principle, exercise one-half of stock acquisition rights held if said holder of stock acquisition rights voluntarily retires from the Company or a subsidiary of the Company.

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

iv) In principle, stock acquisition rights may not be succeeded to another individual.

v) Other conditions for exercising stock acquisition rights shall be pursuant to the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the holders of stock acquisition rights.

ii) Stock acquisition rights delivered to employees, etc. as consideration for their performance of duties during the fiscal year

Not applicable.

(3) Corporate Officers

i) Directors and Company Auditors (As of March 31, 2015)

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	Chief Operating Officer and Chief Business Officer
Director	Koichiro Taniyama	Executive Managing Director of Innovation Network Corporation of Japan (INCJ); Director, JOLED Inc.
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 Outside Director of WOWOW INC.
Standing Company Auditor	Kazuo Kawasaki	
Standing Company Auditor	Yukihiro Sato	
Company Auditor	Youichi Etou	Partner of Integral Law Office; Attorney at law; Outside Company Auditor, NICHIAS Corporation
Company Auditor	Toshiaki Kawashima	Head of Kawashima CPA Office; Outside Statutory Auditor, Citibank Japan Ltd.

Notes:
1. Directors 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 officers pursuant to the regulations of the Tokyo Stock Exchange and notified the stock exchange of the matter.
5. Mr. Yukihiro Sato was newly appointed and inaugurated as a [Standing] Company Auditor at the 12th Annual General Meeting of Shareholders held on June 24, 2014.
6. Director Haruyasu Asakura retired upon the expiration of his term as of the conclusion of the 12th Annual General Meeting of Shareholders held on June 24, 2014. An important post held concurrently by Mr. Asakura at the time of his retirement was Senior Managing Director and COO of the Innovation Network Corporation of Japan.
7. Outside Director Yoshimitsu Kobayashi resigned on March 31, 2015. Important posts held concurrently by Mr. Kobayashi at the time of his retirement were 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 Electric Power Company, Incorporated.
8. Director Shuji Aruga was inaugurated as Chief Operating Officer and Chief Business Officer on July 1, 2014.

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)	104 (32)
Company Auditors (Of the above, Outside Company Auditors)	4 (2)	46 (9)

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

2. At the Extraordinary Shareholders Meeting 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 12th Annual General Meeting of Shareholders held on June 24, 2014, it was resolved to set Company Auditor compensation at or under an upper limit of ¥70 million per year.

4. JDI's one unpaid director is 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 Koichiro Taniyama is Executive Managing Director of Innovation Network Corporation of Japan (INCJ) and Director of JOLED Inc. There are no special relationships between the Company and INCJ. JDI is a shareholder of JOLED Inc., holding 15.0% of the aggregate number of issued shares of JOLED Inc., and outsources development services to JOLED Inc.

- Director Katsuhiko Shirai is an Executive Advisor for Academic Affairs at Waseda University, Chairperson of 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 Yoshimitsu Kobayashi, who has retired as Outside Director as of March 31, 2015, 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).

- Company Auditor Youichi Etou is Partner Lawyer of Integral Law Office and Outside Company 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 CPA Office or Citibank Japan Ltd.

b. Main activities during the fiscal year

	Attendance and contributions
Koichiro Taniyama, Director	Attended all 15 meetings of the Board of Directors that were held during the fiscal year. 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 11 of the 15 meetings of the Board of Directors that were held before his retirement on March 31, 2015. 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 15 meetings of the Board of Directors that were held during the fiscal year. 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 13 of the 15 meetings of the Board of Directors that were held during the fiscal year. 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.
Youichi Etou, Company Auditor	Attended all 15 meetings of the Board of Directors and all 13 meetings of the Board of Company Auditors that were held during the fiscal year. 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 15 meetings of the Board of Directors and all 13 meetings of the Board of Company Auditors that were held during the fiscal year. 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.

・In addition to the abovementioned number of times that the Board of Directors met, there were two written resolutions for which a resolution of the Board of Directors was deemed to have been passed pursuant to the provisions of Article 370 of the Companies Act and Article 28 of JDI's Articles of Incorporation.

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	92
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to the Independent Auditor	188

Notes: 1. The audit agreement entered into by the Independent Auditor and the Company does not clearly distinguish between the audit remuneration amount derived from audits under the Companies Act and that derived from audits under the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount of remuneration, etc. for the fiscal year under review indicates the total of these two kinds of amounts.

2. 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

JDI outsources advisory services on internal controls pertaining to financial reporting to KPMG AZSA LLC.

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

If any Independent Auditor is unable to perform his/her duties or if it is deemed to be otherwise necessary, the Board of Company Auditors shall determine the contents of a proposal for dismissal or non-reappointment of the said Independent Auditor to a general meeting of shareholders.

If any Independent Auditor is deemed to have contravened the provisions prescribed in any of the items of Article 340, paragraph 1 of the Companies Act, the Board of Company Auditors shall, subject to the unanimous consent of all of the Company Auditors, dismiss the said Independent Auditor. 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.

Note: In accordance with the enforcement of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, the body that determines resolutions for removal or refusal of reappointment of the Independent Auditor has been changed from the Board of Directors to the Board of Company Auditors.

(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 Company shall formulate the Basic Compliance Rules applicable to JDI and its subsidiaries (hereinafter referred to as the “JDI Group”), take the lead in complying with those Basic Compliance Rules, and continuously drive their significance home to the Executive Officers and Employees of the JDI Group (hereinafter referred to collectively as the “Officers and Employees”) through compliance education, training, etc.
- The Company shall establish the Compliance Committee pursuant to the Basic Compliance Rules, appoint an Executive Officer in charge of compliance, and put in place a compliance framework for the JDI Group.
- The Executive Officer in charge of compliance shall establish a whistle-blower system consisting of an internal information office as information addressee and an outside

information office (law office), and shall endeavor to discover and prevent any violations of laws and compliance.

- The Company Auditors ascertain the status of the performance of work duties of Directors, executive officers and employees of the Group. 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 Reservation Rules, and an environment is maintained such that Directors and Company Auditors can view these materials as necessary.

iii) Rules regarding risk management for loss and other systems

- The Company shall formulate Risk Management Rules and, when formulating a business plan, shall incorporate activities to mitigate risks that may affect the business activities of the JDI Group.
- Each department of JDI shall perform risk assessments with respect to the duties for which it is responsible, and shall implement measures to mitigate risks by establishing relevant rules and regulations and conducting educational programs in accordance with the significance of the results of the said risk assessments.

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

- The Board of Directors shall appoint Executive Officers, and each Executive Officer shall develop necessary rules and regulations and execute duties in the field for which he/she is responsible.
- A meeting of the Board of Directors, which is convened in principle once a month, shall decide the business plan of the JDI Group, annual budget, and important policies on other important management matters. The status of execution shall be reported by Executive Officers to the Board of Directors and necessary responses shall be discussed.
- A Management Meeting attended by the Representative Director and President and Executive Officers shall be convened, in principle, once a week, and important management matters shall be discussed and decided promptly in accordance with the decision classifications prescribed in the Rules on Decision Authority prescribing authority and responsibilities concerning the execution of duties.

v) Systems to ensure the fairness of operations of the JDI Group

- The Company shall appoint Executive Officers of JDI as officers of subsidiaries, and the appointed officers shall understand the status of the execution of duties at such subsidiaries. JDI shall receive reports summarizing the execution of duties at the subsidiaries by means of meetings and individual reports, and shall give appropriate advice or guidance to the subsidiaries in order to maintain and improve the health of the JDI Group's overall management.
- Important management matters of the JDI Group shall be implemented, subject to the approval of JDI, pursuant to internal rules prescribing the decision-making authority of JDI entities including subsidiaries as set forth by JDI and the rules of the Board of Directors.
- JDI shall demand that each subsidiary establish necessary and relevant rules in keeping with

JDI's Basic Compliance Rules.

- The Internal Audit Office shall audit the overall operations of the JDI Group appropriately and as needed.

vi) Matters relating to employees who assist the Company Auditors in carrying out their duties; matters relating to the independence of said employees from Directors; and matters relating to ensuring the effectiveness of instructions given to the said employees

- If Company Auditors ask to place an employee in a position to assist with the Company Auditors' duties, an individual suitable for those duties shall be appointed.
- If the employees perform duties in accordance with instructions from the Company Auditors, those employees shall put in place a framework whereby they can address themselves to such duties.
- When employees, who are appointed to assist the Company Auditors, carry out their duties, personnel matters relating to the said employees shall be discussed in advance with the Company Auditors.

vii) Framework whereby Directors and Employees submit reports to the Company Auditors; framework whereby Directors and Employees submit reports to other Company Auditors; and framework for ensuring Directors and Employees are not treated disadvantageously on the grounds that reports are submitted

- Officers and Employees of the JDI Group shall submit reports on the status of the execution of their duties regularly or irregularly to a Company Auditor or the Board of Company Auditors in accordance with decisions discussed in advance with the Company Auditor or the Board of Company Auditors, and if the said Officers and Employees discover a fact that may cause material damage to the JDI Group as a whole, the said Officers or Employees shall report the said fact promptly to the Company Auditor 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.
- The Executive Officer in charge of compliance shall report information furnished to the whistle-blowing system that is found to be important to the Standing Company Auditor.
- The Standing Company Auditor shall put in place a framework for ensuring that a whistle-blower reporting to the Company Auditor is not be treated disadvantageously on the grounds that he/she has submitted a report.

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

- The Company Auditors shall exchange opinions periodically with the Representative Director and President and Independent Auditors, and facilitate information exchanges and close interactions with the Internal Audit Office.
- When the meetings of the Board of Directors, the meetings of the Management Committee, and other important meetings are held, the Company Auditors are notified thereof and are requested to attend such meetings.
- If any Company Auditor requests advance payment of costs and expenses incurred in association with his/her duties, JDI shall promptly comply with the said request unless such advance payment is deemed not to be necessary for executing the duties of the said Company Auditor.

Note: In the light of the fact that the "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014) and the "Ministerial Ordinance Partially Amending the Ordinance for Enforcement of the Companies Act" (Ministry of Justice Ordinance No. 6 of 2015) were enacted on May 1, 2015, basic policies were partially amended by a resolution passed at a meeting of JDI's Board of Directors held on May 13, 2015, and the abovementioned basic policies represent the amended version.
These amendments represent a review and revision of the framework for ensuring the proper business services of the JDI Group and the framework relating to audits according to the current

status of the JDI Group and changes to more specific and clear-cut expressions in conformity with the amendments to the laws.

(6) Policy on Appropriation of Retained Earnings, etc.

While the Company considers the return of profits to shareholders to be one of its important management issues, for the fiscal year under review, in view of circumstances such as the posting of a net loss, the Company has regretfully taken the decision to not pay a dividend.

In the next fiscal year, the Company intends to pay a fiscal year-end dividend as it expects an improvement in free cash flow. The Company will separately provide notification of the dividend amount in accordance with progress in its business results going forward. In addition, for its target for future shareholder returns, the Company is aiming for a total return ratio, comprising dividends and buybacks of its own stock, of 30%.

Consolidated Financial Statements

Consolidated balance sheet

As of March 31, 2015

(Millions of yen)

Item	Amount
Assets	
Current assets	**436,691**
Cash and deposits	94,643
Accounts receivable - trade	144,087
Accounts receivable - other	62,764
Merchandise and finished goods	30,730
Work in process	53,863
Raw materials and supplies	28,815
Deferred tax assets	13,587
Other	8,399
Allowance for doubtful accounts	(200)
Non-current assets	**394,930**
Property, plant and equipment	**348,886**
Buildings and structures	83,916
Machinery, equipment and vehicles	141,642
Land	10,899
Leased assets	69,453
Construction in progress	29,108
Other	13,865
Intangible assets	**33,010**
Goodwill	20,917
Other	12,092
Investments and other assets	**13,034**
Other	15,380
Allowance for doubtful accounts	(2,345)
Total assets	**831,622**

Item	Amount
Liabilities	
Current liabilities	**348,684**
Accounts payable - trade	197,103
Current portion of long-term loans payable	8,647
Income taxes payable	1,515
Provision for bonuses	5,923
Lease obligations	26,928
Advances received	65,272
Other	43,294
Non-current liabilities	**80,311**
Long-term loans payable	8,870
Lease obligations	39,068
Net defined benefit liability	31,654
Other	718
Total liabilities	**428,995**
Net assets	
Shareholders' equity	**389,051**
Capital stock	**96,857**
Capital surplus	**257,044**
Retained earnings	**35,220**
Treasury shares	**(70)**
Accumulated other comprehensive income	**11,930**
Foreign currency translation adjustment	**19,838**
Remeasurements of defined benefit plans	**(7,907)**
Minority interests	**1,643**
Total net assets	**402,626**
Total liabilities and net assets	**831,622**

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

Consolidated statement of income

From April 1, 2014
to March 31, 2015

(Millions of yen)

Item	Amount
Net sales	**769,304**
Cost of sales	**713,587**
Gross profit	**55,717**
Selling, general and administrative expenses	**50,570**
Operating income	**5,147**
Non-operating income	**5,755**
Interest income	217
Foreign exchange gains	2,143
Subsidy income	1,436
Rent income	531
Fiduciary obligation fee	699
Other	726
Non-operating expenses	**9,038**
Interest expenses	2,686
Loss on retirement of non-current assets	1,099
Other	5,253
Ordinary income	**1,864**
Extraordinary gains	**13,475**
Subsidy income	13,475
Extraordinary losses	**23,607**
Provision of allowance for doubtful accounts	2,132
Loss on reduction of non-current assets	11,926
Business structure improvement expenses	9,548
Income (loss) before income taxes and minority interests	**(8,267)**
Income taxes – current	3,669
Income taxes – deferred	(441)
Income (loss) before minority interests	**(11,495)**
Minority interests in income	775
Net income (loss)	**(12,270)**

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

Consolidated statement of changes in equity

From April 1, 2014
to March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	96,857	257,053	49,192	(304)	402,798
Cumulative effects of changes in accounting policies			(1,701)		(1,701)
Restated balance	96,857	257,053	47,491	(304)	401,096
Changes of items during period					
Net income (loss)			(12,270)		(12,270)
Disposal of treasury shares		(8)		234	225
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(8)	(12,270)	234	(12,045)
Balance at end of current period	96,857	257,044	35,220	(70)	389,051

	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	10,565	(8,874)	1,690	655	405,144
Cumulative effects of changes in accounting policies					(1,701)
Restated balance	10,565	(8,874)	1,690	655	403,443
Changes of items during period					
Net income (loss)					(12,270)
Disposal of treasury shares					225
Net changes of items other than shareholders' equity	9,272	967	10,239	988	11,228
Total changes of items during period	9,272	967	10,239	988	(816)
Balance at end of current period	19,838	(7,907)	11,930	1,643	402,626

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

Notes to the consolidated financial statements

1. Significant matters forming the basis for preparing consolidated financial statements

(1) Scope of consolidation

i) Consolidated subsidiaries

- Number of consolidated subsidiaries: 24 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

i) Number of affiliates to which equity method is applied: 0 companies

ii) JOLED Inc., which is an affiliate to which the equity method is not applied, is excluded from the scope of affiliates to which equity method is applied since such exclusion has an immaterial effect on the Company's consolidated financial statements in terms of net income (amount corresponding to the Company's equity position), retained earnings (amount corresponding to the Company's equity position) and others, and as a whole, it is not material.

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

Star Technology Corporation became a consolidated subsidiary this fiscal year because Taiwan Display Inc., which is a subsidiary of the Company, purchased Star Technology's shares on June 13, 2014. Due to this change, Star Technology Corporation and its subsidiaries are included within the scope of consolidation from the fiscal year under review.

(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:	3 to 50 years
Machinery, equipment and vehicles:	4 to 7 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) 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 collectability 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 is provided.

iv) 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.

v) Method and period of amortization of goodwill

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

vi) 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. 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.

2. Changes in accounting policy

Application of the Accounting Standard for Retirement Benefits and its Implementation Guidance

The "Accounting Standard for Retirement Benefits and its Implementation Guidance" (ASBJ Statement No. 26 dated May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") with respect to the provisions of the text of paragraph 35 thereof, and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 dated March 26, 2015; hereinafter referred to as the Guidance for Retirement Benefits") with respect to the provisions of the text of paragraph 67 thereof, are applied effective from the fiscal year under review; the methods of calculating retirement benefit obligations and current service costs are revised; and the discount rate is changed from one based on the average period up to the estimated time of a benefit payment using a period approximate to the expected average remaining working lives of employees to one reflecting the estimated timing and amount of each benefit payment using a single weighted average discount rate.

With respect to the application of the Accounting Standard for Retirement Benefits, etc., the affected amount resulting from changes to methods for calculating retirement benefit obligations and current service costs is added to or subtracted from the amount of retained earnings at the beginning of the fiscal year under review in accordance with the interim treatment prescribed in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, liabilities associated with retirement benefits at the beginning of the fiscal year under review increased by ¥1,701 million, and retained earnings decreased by the same amount. Operating income and ordinary income increased by ¥57 million, and net loss before taxes and other adjustments decreased by ¥57 million, respectively.

Application of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts"

The "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30 dated March 26, 2015) is applied effective from the fiscal year under review.

Because the accounting treatment of trust contracts concluded prior to the beginning of the first year of application is based on the previously adopted method, there were no effects on the consolidated balance sheets due to the application of the Practical Solution.

3. Accounting standards, etc. yet to be applied

- "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

Revisions were made on how to treat changes in equity interests in subsidiaries as a parent company in case control is maintained at the time of an additional acquisition, etc. of subsidiaries' shares; expenses related to acquisitions; presentation of net income; changes from minority interests to non-controlling interests; and, confirmation of provisional accounting procedures.

(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 of the Revised Accounting Standard for Business Combinations, etc. on the consolidated financial statements is being assessed at present.

4. Changes in presentation method

(Consolidated statement of income)

"Loss on retirement of non-current assets" which, up to and including the previous fiscal year, was included in the "Others" category of non-operating expenses is stated as an independent item with effect from the fiscal year under review because its significance has increased. "Loss on retirement of non-current assets" for the previous fiscal year was ¥938 million.

Items that were presented as "Depreciation" under non-operating expenses in the previous fiscal year are included in "other" of non-operating expenses from the fiscal year under review due to their insignificance. In the fiscal year under review, "Depreciation" was ¥292 million.

5. Additional information

(Transactions to grant the Company's shares through a trust for employees, etc.)

The Company introduced the employee incentive plan. The purpose of this plan is to further enhance the benefit program for the Company's employees; and to improve mindset about the Company's performance and willingness to work, thereby further enhancing business operations aimed at corporate value improvement, as well as medium- to long-term corporate value.

(1) Overview of Transactions

The Company establishes with a trust bank "the trust exclusively for Japan Display shareholding association" (hereinafter referred to as the "JDI shareholding association trust") for which those employees participating in JDI's "Japan Display shareholding association" (hereinafter referred to as the "JDI shareholding association"), who fulfill certain specific requirements, are beneficiaries. Under the JDI shareholding association trust, that number of JDI shares the JDI shareholding association is expected to acquire over a period of two years from March 2013 are acquired from JDI through third-party allotments against borrowed funds as the source of funds for acquisition. Thereafter, the JDI shareholding association trust sells the JDI shares to the JDI shareholding association. Then, the JDI shareholding association trust repays the principal and pays interest thereon with the sale proceeds as the source of funds for repayment/payment. If, at the time of the termination of the trust, there is any trust income as a result of an increase in the share price, monies are distributed to employees as beneficiaries in proportion to the respective ratios of their contributions. If any debt obligations remain outstanding due to a decrease in the share price, JDI repays such outstanding debt obligations under the guarantee contract covering the borrowing made in connection with share acquisitions under the JDI shareholding association trust, hence employees would not be required to bear any additional costs.

(2) While the Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30 dated March 26, 2015), the Company implemented accounting procedures by the method it previously adopted.

(3) The company's own stock remained in the trust

i) The aggregate book value of the JDI shares held by the trust:
¥304 million for the previous fiscal year; ¥70 million for this fiscal year

ii) Whether the Company books its own stock as treasury shares in the shareholders' equity account
The Company books its own stock as treasury shares in the shareholders' equity account.

iii) The aggregate number of shares as of the close of fiscal years and the mid-term average number of shares:
The aggregate number of shares of 609,500 as of the close of previous fiscal year;
The aggregate number of shares of 140,600 as of the close of this fiscal year
The mid-term average number of shares of 884,692 for the previous fiscal year;
The mid-term average number of shares of 400,839 for this fiscal year

iv) Whether the Company includes the number of shares in (iii) among shares to be deducted for the purpose of calculating per-share information
The number of shares as of the close of fiscal years and the mid-term average number of shares in fiscal years are included in the number of treasury shares to be deducted for the purpose of calculating per-share information.

6. 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)
Buildings and structures	43,088
Machinery, equipment and vehicles	19,577
Land	2,654
Other	29
Total	65,350

ii) Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	58,691

(2) Accumulated depreciation for property, plant and equipment: ¥475,179 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

(4) Cumulative advanced depreciation deducted from the acquisition value of non-current assets due to government subsidies is as follows:

(As of March 31, 2015)	(Millions of yen)
Property, plant and equipment	
Buildings and structures	29
Machinery, equipment and vehicles	11,734
Other	114
Intangible assets	
Other	47
Total	11,926

7. 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 ¥3,537 million is included in cost of sales.

(2) Subsidy income (extraordinary income)

Mainly represents a subsidy received from the Ministry of Economy, Trade and Industry for promoting investments in cutting-edge equipment in conjunction with building up production equipment.

(3) Provision of allowance for doubtful accounts

The unrecoverable amount was appropriately estimated and posted on the occasion of Wintek Corporation (with head office located in Taichung City, Taiwan), a business partner of the JDI Group, filing a petition with the Taichung District Court for the commencement of corporate rehabilitation proceedings in October 2014.

(4) Loss on advanced depreciation of non-current assets

Represents the amount of the reduction based on acceptance as per (2) above.

(5) Business restructuring expenses

These expenses were incurred because the Company decided to close the Fukaya Plant, which housed the LTPS liquid crystal lines (glass size: 550 mm × 670 mm)—older, G3—as a measure to maximize profitability by improving production efficiency with the aim of enhancing future business competitiveness. The main expenses are as follows:

	(Millions of yen)
Loss on impairment of non-current assets (note)	7,349
Expenses related to human resources for early retirement assistance program	1,146
Others	1,052
Total	9,548

Note: Those related to loss on impairment of non-current assets are as follows:

Use	Type	Location	Loss on impairment (Million yen)
Production equipment for small to mid-displays	Building and structures, machinery, equipment, and vehicles, leased assets, construction in progress, other property, plant and equipment, other intangible assets	Fukaya Plant Fukaya City, Saitama	7,349
Total			7,349

In principle, the Company grouped these assets as those for business operations or for lending. With regard to idle assets, the Company groups them individually as a unit that generates cash flows and independent from other asset groups.

As a result, the Company decreased the book value of the asset group related to the Fukaya Plant's production lines to a recoverable value, and booked the decrease of ¥5,969 million (mainly buildings and structures of ¥3,212 million) and a clearance expense of ¥1,380 million as an extraordinary loss.

The recoverable value is measured with a use value, and the discount rate was not factored into consideration because the period until retirement is short and the monetary impact is insignificant.

8. Notes to the consolidated statement of changes in equity

(1) Class and total number of outstanding shares at the end of the fiscal year

Class of shares	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock	601,387,900 shares	–	–	601,387,900 shares

(2) Class and number of treasury shares

Class of shares	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock	609,500 shares	–	468,900 shares	140,600 shares

Notes: 1. Particulars of the decrease in the number of treasury shares are as follows:
The number of treasury shares decreased by 468,900 because these treasury shares were sold by "the trust exclusively for Japan Display shareholding association" to the employee shareholding association.
2. The Company has adopted the employee stock ownership plan and presents 140,600 shares in the Company held by "the trust exclusively for Japan Display shareholding association" as treasury shares.

9. 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 financial institutions.

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, 2015, are as shown below.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	94,643	94,643	–
(2) Accounts receivable - trade	144,087	144,087	–
Allowance for doubtful accounts (*)	(200)	(200)	–
	143,886	143,886	–
(3) Accounts receivable - other	62,764	62,764	–
Total assets	301,294	301,294	–
(1) Accounts payable - trade	197,103	197,103	–
(2) Long-term loans payable (including current portion)	17,518	17,448	(69)
(3) Lease obligations (Current liabilities, non-current liabilities)	65,996	65,895	(100)
Total liabilities	280,617	280,447	(170)

(*) 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

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.

(2) 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, 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.

10. Notes on investment and rental properties

Omitted because of immateriality.

11. Per share information

(1) Net assets per share ¥666.92

(2) Net income (loss) per share ¥(20.42)

12. Notes on significant subsequent events

Not applicable.

13. Notes on business combinations, etc.

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: Star World Technology Corporation

Business activities: Manufacture of small- to medium-sized TFT-LCD displays

ii) Reasons for the business combination

The acquired company is a listed company in Taiwan, and the business combination was executed by making Star World Technology Corporation with plants in China a consolidated subsidiary for the purpose of enhancing the cost competitiveness of the post process.

iii) Effective date of the business combination

June 13, 2014

iv) Legal structure of the business combination

Share acquisition with cash as consideration

v) Name of the company subsequent to the business combination

Star World Technology Corporation

vi) Percentage of voting rights acquired by the Company: 80.0%

This is because Taiwan Display Inc., the Company's subsidiary, acquired shares of Star World Technology Corporation in exchange for cash.

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

From July 1, 2014 to March 31, 2015

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

(Millions of yen)

Consideration for the acquisition	Cash and deposits	1,268
Acquisition cost		1,268

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

i) Amount of goodwill incurred

¥573 million

ii) Cause

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

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	3,051
Non-current assets	1,659
Total assets	4,710
Current liabilities	2,620
Non-current liabilities	1,221
Total liabilities	3,842

Non-consolidated Financial Statements

Non-consolidated balance sheet

As of March 31, 2015

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**419,229**	**Current liabilities**	**366,692**
Cash and deposits	53,925	Accounts payable - trade	222,999
Accounts receivable - trade	197,203	Current portion of long-term loans payable	8,589
Accounts receivable - other	94,750	Lease obligations	26,928
Merchandise and finished goods	7,026	Accounts payable - other	24,177
Work in process	31,536	Accrued expenses	12,623
Raw materials and supplies	15,799	Income taxes payable	710
Prepaid expenses	5,209	Provision for bonuses	5,106
Deferred tax assets	12,121	Advances received	65,122
Short-term loans receivable from subsidiaries and associates	472	Unearned revenue	117
Other	1,188	Other	317
Allowance for doubtful accounts	(5)	**Non-current liabilities**	**70,427**
Non-current assets	**354,578**	Long-term loans payable	8,543
Property, plant and equipment	**308,905**	Lease obligations	39,068
Buildings	70,681	Provision for retirement benefits	22,128
Structures	4,623	Other	687
Machinery and equipment	124,731	**Total liabilities**	**437,120**
Vehicles	57	**Net assets**	
Tools, furniture and fixtures	10,086	**Shareholders' equity**	**336,687**
Land	4,352	**Capital stock**	**96,857**
Leased assets	69,453	**Capital surplus**	**353,927**
Construction in progress	24,918	Legal capital surplus	123,841
Intangible assets	**15,208**	Other capital surplus	230,086
Goodwill	5,210	**Retained earnings**	**(114,027)**
Patent right	2,672	Other retained earnings	(114,027)
Leasehold right	7	Retained earnings brought forward	(114,027)
Software	4,474		
Other	2,843	**Treasury shares**	**(70)**
Investments and other assets	**30,464**		
Shares of subsidiaries and associates	6,109		
Investments in capital of subsidiaries and associates	15,291		
Long-term loans receivable	16		
Long-term prepaid expenses	873		
Deferred tax assets	7,768		
Other	409		
Allowance for doubtful accounts	(3)	**Total net assets**	**336,687**
Total assets	**773,807**	**Total liabilities and net assets**	**773,807**

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

Non-consolidated statement of income

From April 1, 2014
to March 31, 2015

(Millions of yen)

Item	Amount
Net sales	**750,983**
Cost of sales	**723,938**
Gross profit	**27,044**
Selling, general and administrative expenses	**34,608**
Operating income (loss)	**(7,563)**
Non-operating income	**9,822**
Interest income	25
Foreign exchange gains	6,638
Subsidy income	1,401
Rent income	453
Subcontracting income	699
Other	603
Non-operating expenses	**7,281**
Interest expenses	2,645
Loss on retirement of non-current assets	832
Other	3,803
Ordinary income (loss)	**(5,023)**
Extraordinary income	**13,475**
Subsidy income	13,475
Extraordinary losses	**21,475**
Loss on reduction of non-current assets	11,926
Business structure improvement expenses	9,548
Income (loss) before income taxes	**(13,022)**
Income taxes - current	703
Income taxes - deferred	513
Net income (loss)	**(14,238)**

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

Non-consolidated statement of changes in equity

From April 1, 2014
to March 31, 2015

(Millions of yen)

	Shareholders' equity								Total net assets
	Capital stock	Capital surplus			Other retained earnings	Total retained earnings	Treasury shares	Total share-holders' equity	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Retained earnings brought forward				
Balance at beginning of current period	96,857	123,841	230,095	353,936	(98,087)	(98,087)	(304)	352,401	352,401
Cumulative effects of changes in accounting policies					(1,701)	(1,701)		(1,701)	(1,701)
Restated balance	96,857	123,841	230,095	353,936	(99,788)	(99,788)	(304)	350,699	350,699
Changes of items during period									
Net income (loss)					(14,238)	(14,238)		(14,238)	(14,238)
Disposal of treasury shares			(8)	(8)			234	225	225
Total changes of items during period	–	–	(8)	(8)	(14,238)	(14,238)	234	(14,012)	(14,012)
Balance at end of current period	96,857	123,841	230,086	353,927	(114,027)	(114,027)	(70)	336,687	336,687

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

Notes to the non-consolidated financial statements

1. 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:	7 to 50 years
Machinery and equipment:	4 to 5 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).

(7) 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 collectability 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 is provided, based on the estimated amount of retirement benefit obligations and plan assets at the end of the fiscal year.

- 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 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.

(8) 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.

(9) Method and period of amortization of goodwill

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

(10) 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. Changes in accounting policy

Application of the Accounting Standard for Retirement Benefits and its Implementation Guidance

The "Accounting Standard for Retirement Benefits and its Implementation Guidance" (ASBJ Statement No. 26 dated May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 dated March 26, 2015) are applied effective from the fiscal year under review; the methods of calculating retirement benefit obligations and current service costs are revised; and the discount rate is changed from one based on the average period up to the estimated time of a benefit payment using a period approximate to the expected average remaining working lives of employees to one reflecting the estimated timing and amount of each benefit payment using a single weighted average discount rate.

With respect to the application of the Accounting Standard for Retirement Benefits, etc., the affected amount resulting from changes to methods for calculating retirement benefit obligations and current service costs is added to or subtracted from the amount of retained earnings brought forward at the beginning of the fiscal year under review in accordance with the interim treatment prescribed in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, liabilities associated with retirement benefits at the beginning of the fiscal year under review increased by ¥1,701 million, and retained earnings brought forward decreased by the same amount. Operating loss, ordinary loss and net loss before taxes and other adjustments decreased by

¥57 million, respectively.

Application of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts"

The "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30 dated March 26, 2015) is applied effective from the fiscal year under review.

Because the accounting treatment of trust contracts concluded prior to the beginning of the first year of application is based on the previously adopted method, there were no effects on the consolidated balance sheets due to the application of the Practical Solution.

3. Changes in presentation

Non-consolidated statement of income

Items that were presented as "Depreciation" under non-operating expenses in the previous fiscal year are included in "other" from the fiscal year due to the insignificance.

In the fiscal year, "Depreciation" was ¥292 million.

"Loss on retirement of non-current assets" which, up to and including the previous fiscal year, were included in the "Others" category of non-operating expenses is stated as an independent item with effect from the fiscal year under review as its significance in amount has increased.

"Loss on retirement of non-current assets" for the previous fiscal year was ¥861 million.

4. Additional information

(Transactions to grant the Company's shares through a trust for employees, etc.)

The Company introduced the employee incentive plan. The purpose of this plan is to further enhance the benefit program for the Company's employees; and to improve mindset about the Company's performance and willingness to work, thereby further enhancing business operations aimed at corporate value improvement, as well as medium- to long-term corporate value.

(1) Overview of transactions

The Company establishes with a trust bank "the trust exclusively for Japan Display shareholding association" (hereinafter referred to as the "JDI shareholding association trust") for which those employees participating in JDI's "Japan Display shareholding association" (hereinafter referred to as the "JDI shareholding association"), who fulfill certain specific requirements, are beneficiaries. Under the JDI shareholding association trust, that number of JDI shares the JDI shareholding association is expected to acquire over a period of two years from March 2013 are acquired from JDI through third-party allotments against borrowed funds as the source of funds for acquisition. Thereafter, the JDI shareholding association trust sells the JDI shares to the JDI shareholding association. Then, the JDI shareholding association trust repays the principal and pays interest thereon with the sale proceeds as the source of funds for repayment/payment. If, at the time of the termination of the trust, there is any trust income as a result of an increase in the share price, monies are distributed to employees as beneficiaries in proportion to the respective ratios of their contributions. If any debt obligations remain outstanding due to a decrease in the share price, JDI repays such outstanding debt obligations under the guarantee contract covering the borrowing made in connection with share acquisitions under the JDI shareholding association trust, hence employees would not be required to bear any additional costs.

(2) While the Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30 dated March 26, 2015), the Company implemented accounting procedures by the method it previously adopted.

(3) The company's own stock remained in the trust

i) The aggregate book value of the JDI shares held by the trust:
¥304 million for the previous fiscal year; ¥70 million for this fiscal year

ii) Whether the Company books its own stock as treasury shares in the shareholders' equity account
The Company books its own stock as treasury shares in the shareholders' equity account.

iii) The aggregate number of shares as of the close of fiscal years and the mid-term average number of shares:
The aggregate number of shares of 609,500 as of the close of previous fiscal year;
The aggregate number of shares of 140,600 as of the close of this fiscal year
The mid-term average number of shares of 884,692 for the previous fiscal year;
The mid-term average number of shares of 400,839 for this fiscal year

iv) Whether the Company includes the number of shares in (iii) among shares to be deducted for the purpose of calculating per-share information
The number of shares as of the close of fiscal years and the mid-term average number of shares in fiscal years are included in the number of treasury shares to be deducted for the purpose of calculating per-share information.

5. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation for property, plant and equipment: ¥417,583 million

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

Assets pledged as collateral are as follows:

	(Millions of yen)
Buildings	41,257
Structures	1,831
Machinery and equipment	19,561
Vehicles	16
Land	2,654
Tools, furniture and fixtures	29
Total	65,350

Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	58,691

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

	(Millions of yen)
i) Short-term monetary receivables	216,424
ii) Long-term monetary receivables	–
iii) Short-term monetary payables	62,278
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

(5) Cumulative advanced depreciation deducted from the acquisition value of non-current assets due to government subsidies is as follows:

(As of March 31, 2015)	(Millions of yen)
Property, plant and equipment	
Buildings	29
Machinery and equipment	11,734
Vehicles	0
Tools, furniture and fixtures	113
Intangible assets	
Software	47
Total	11,926

6. Notes to the non-consolidated statement of income

(1) Amount of transactions with subsidiaries and associates

Net sales ¥664,819 million

Purchase ¥185,843 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 ¥2,513 million is included in cost of sales.

(3) Subsidy income

Represents the subsidy received from the Ministry of Economy, Trade and Industry for promoting investments in cutting-edge equipment in conjunction with the buildup of production equipment.

(4) Loss on reduction of non-current assets

Represents the amount of reduction based on acceptance as per (3) above.

(5) Business restructuring expenses

This expense was incurred because the Company decided to close the Fukaya Plant which owned the LTPS liquid crystal lines (glass size: 550mm × 670mm)—the older, G3—as a measure to maximize profitability by improving production efficiency with the aim of enhancing future business competitiveness. The main expenses are as follows:

	(Millions of yen)
Loss on impairment of non-current assets (note)	7,349
Expenses related to human resources for early retirement assistance program	1,146
Others	1,052
Total	9,548

Note: Those related to loss on impairment of non-current assets are as follows:

Use	Type	Location	Loss on impairment (Million yen)
Production equipment for small- to mid-displays	Buildings, structures, machinery and equipment, vehicles, leased assets, construction in progress, tools, furniture and fixtures, software, other intangible assets	Fukaya Plant Fukaya City, Saitama	7,349
Total			7,349

In principle, the Company grouped these assets as those for business operations or for lending. With regard to idle assets, the Company grouped them individually as a unit which makes cash flows, and goes into independent from other asset groups.

As a result, the Company decreased book value of the asset group related to the Fukaya Plant's production lines to a recoverable value, and booked the amount of decrease of ¥5,969 million (mainly buildings and structures of ¥2,726 million) and a clearance expense of ¥1,380 million as extraordinary losses.

The recoverable value was measured by a use value, and the discount rate was not factored into consideration, since the period to retirement is short and the monetary impact is insignificant.

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

Class and number of treasury shares at the end of the fiscal year

Class of shares	Number of shares at the beginning of the current fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock	609,500 shares	–	468,900 shares	140,600 shares

Notes: 1. The number of treasury shares decreased by 468,900 shares as these treasury shares were sold by "the trust exclusively for Japan Display shareholding association" to the employee shareholding association.

2. The Company has adopted the employee stock ownership plan and presents 140,600 shares in the Company held by the trust exclusively for Japan Display shareholding association as treasury shares.

8. 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	41,074
Provision for bonuses	1,690
Advances received	1,592
Inventory devaluation	3,568
Depreciation	4,463
Provision for retirement benefits	7,173
Other	6,754
Subtotal of deferred tax assets	66,316
Valuation allowance	(45,336)
Total deferred tax assets	20,979
Deferred tax liabilities	
Loss on qualified foreign tax	(168)
Assessed market value of land	(80)
Assessed market value of patent rights	(647)
Other	(194)
Total deferred tax liabilities	(1,090)
Net deferred tax assets	19,889

9. 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.

10. 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 Europe GmbH.	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 44,897	Accounts receivable - trade	14,973
Subsidiary	JDI Hong Kong Limited	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 542,285	Accounts receivable - trade	131,237
Subsidiary	Taiwan Display Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of medium-sized TFT module components and products	*1 38,981	Accounts receivable - trade	26,818
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	*2 154,795	Accounts payable - trade	16,552
				Supply of small- and medium-sized TFT module components	*3 62,103	Accounts receivable - other	10,506
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	*2 108,851	Accounts payable - trade	29,426
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 72,958	Accounts payable - trade	8,566
				Supply of small- and medium-sized TFT module components	*3 71,989	Accounts receivable - other	19,273

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 components, trading conditions are determined on the basis of prices calculated based on the Company's costs.

11. Per share information

(1) Net assets per share ¥559.98

(2) Net income (loss) per share ¥(23.69)

12. Notes on significant subsequent events

Not applicable.

Audit Reports

Report of the Independent Auditors for Consolidated Financial Statements
(Translation)

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 11, 2015

To: The Board of Directors
Japan Display Inc.

KPMG AZSA LLC

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

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

Tohru Tanaka (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 the Consolidated Financial Statements of Japan Display Inc. for the fiscal year from April 1, 2014 to March 31, 2015, 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
(Translation)

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 11, 2015

To: The Board of Directors
Japan Display Inc.

KPMG AZSA LLC

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

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

Tohru Tanaka (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 the Non-consolidated Financial Statements and their supplementary statements of Japan Display Inc. for the 13th fiscal year from April 1, 2014 to March 31, 2015, 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
(Translation)

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 13th fiscal year from April 1, 2014 to March 31, 2015, 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 decided the audit policies and plans for the fiscal year, received reports from each Company Auditor 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.
Each Company Auditor kept in compliance with standards for audit defined by the Board of Company Auditors and audit policies and plans, etc., maintained communication with Directors, Internal Audit Office and other employees, etc., endeavored to collect information and established a system necessary for auditing services, attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the performance of their duties, asked them details when necessary, reviewed important written decisions, and investigated 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.
Also, Company Auditors maintain communication and exchange information with Directors, etc. of subsidiaries, require business reports, and investigate business and financial conditions of these subsidiaries. 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 Ordinance on Accounting of Companies) 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 non-consolidated 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 12, 2015

Board of Company Auditors of Japan Display Inc.

Kazuo Kawasaki (seal)
Standing Company Auditor

Yukihiro Sato (seal)
Standing Company Auditor

Youichi Etou (seal)
Outside Company Auditor

Toshiaki Kawashima (seal)
Outside Company Auditor