February 12, 2015

Japan Display Inc.

Consolidated Financial Results for the Nine Months of Fiscal Year 2014 (Japanese GAAP)

(This is an English translation of an original Japanese-language document.)

Company name:	Japan Display Inc. (“JDI”)
Security code:	6740
Listing:	Tokyo Stock Exchange (First Section)
Website:	http://www.j-display.com/english/
Representative:	Shuichi Otsuka, President and Chief Executive Officer
Contact:	Yasuhiro Nishi, Chief Financial Officer
Phone:	+81-3-6732-8100

Filing of 3Q-FY2014 quarterly securities report:	February 13, 2015
Commencement of dividend payments:	-
Supplementary materials for the 3Q-FY2014 earnings results:	Available
Briefing for 3Q-FY2014 results:	February 12, 2015

(Figures in this earnings report are rounded down to the nearest million yen.)

1. Consolidated results of operations for the nine month ended December 31, 2014

(1) Results of operations (Millions yen, except per share amounts)

	9 mo. ended Dec. 31, 2014	YoY (%)	9 mo. ended Dec. 31, 2013	YoY (%)
Net sales	536,715	11.2	482,742	-
Operating income	(5,560)	-	22,122	-
Ordinary income	(4,157)	-	18,636	-
Net income	(8,629)	-	33,483	-
Net income per share				
-Basic	(14.36)	-	167.05	-
-Diluted	-	-	-	-
(Reference) Comprehensive income	2,157	(94.6)	40,138	-

Note:

On January 28, 2014, the Company split its common stock based on the ratio of 100 shares per one share. The calculations of net income per share are based on the assumption that the share split occurred as of the beginning of FY 2013.

(2) Financial position (Million yen, except per share amounts)

	Dec. 31, 2014	Mar 31, 2014
Total assets	858,131	758,975
Net assets	405,951	405,144
Shareholders' equity ratio (%)	47.1	53.3
Net assets per share	672.59	673.28
(Reference) Shareholders' equity	404,338	404,489

2. Dividends

	June 30	Sep 30	Dec 31	FY-end	Total
Year ended Mar. 31, 2014	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2015	-	0.00	-		
Year ending Mar. 31, 2015 (forecast)				0.00	0.00

Notes:
1. Changes from the most recently announced dividend forecast: Yes
2. For details of changes in dividend forecast, please see "1. Quarterly results information (3) Note regarding consolidated financial and other forecasts 2) Change in dividend expectations" in the attached "Summary information (notes)."

3. Earnings forecast for the FY 2014

(Million yen, except per share amounts)

	FY 2014	YoY Chg.
Net sales	740,000	20.4%
Operating income	6,500	(76.5)%
Ordinary income	1,500	(92.1)%
Net income	(12,132)	-
Net income per share (yen)	(20.19)	-

Note:
Changes from the most recently announced earnings forecast: None

Notes:

(1) Changes to scope of consolidation: None

(2) Adoption of special accounting practices for quarterly consolidated financial statements: Yes

For details please see "(2) Application of special accounting methods to the preparation of quarterly consolidated financial statements" in the attached "Summary information (notes)."

(3) Accounting changes in consolidated financial statements.

a)	Changes in accounting policy in accordance with amendments to accounting standards:	Yes
b)	Changes in accounting policy other than (a) above:	None
c)	Changes in accounting estimates:	None
d)	Retrospective restatement:	None

For details please see "(3) Changes in accounting policies, changes in accounting estimates, retrospective restatements" in the attached "2.Summary information (notes)."

(4) Number of shares outstanding (common shares)

	Dec. 31, 2014	Mar 31, 2014
Number of shares outstanding (including treasury shares) ……	601,387,900	601,387,900
Number of treasury shares……	223,300	609,500
	9 mo. ended Dec. 31, 2014	9 mo. ended Dec. 31, 2013
Average number of shares outstanding ……	600,918,972	200,437,624

Notes:

1. On January 28, 2014, the Company split its common stock based on the ratio of 100 shares per one share. The calculation of number of shares outstanding is based on the assumption that the share split occurred as of the beginning of FY 2013.
2. The number of JDI shares held by the "JDI's Employee Stock Ownership Association Trust" (the "Trust") is included in the number of treasury stock held at the end of the financial period (FY 2014 third quarter: 223,300 shares; FY 2013: 609,500 shares). Also, the number of JDI shares held by the Trust is included in the treasury stock deducted from the calculated average number of shares outstanding during the period (FY 2014 third quarter: 468,928 shares; FY 2013 third quarter: 950,276 shares).

* Disclosure related to implementation of quarterly review procedures

This earnings report is exempt from the consolidated financial statements review procedures set forth in Japan's Financial Instruments and Exchange Law. However, at the time of this earnings report, consolidated financial statements review procedures pursuant to the Financial Instruments and Exchange Law had not been completed.

Proper use of earnings forecasts and other matters warranting special mention

Forward-looking information such as earnings forecasts in this document is based on information available to the Company at the time the document was prepared and management's reasonable assumptions. Such information should not be interpreted as a guarantee of future performance or results. Furthermore, forward-looking information is necessarily subject to a number of factors that may cause actual results to differ materially from those results implied by the expectations suggested by such information.

Attachments

1. Quarterly results information

(1) Overview of Business Results

Consolidated Results for the FY 2014 Third Quarter (October 1, 2014 to December 31, 2014)

(Units: million yen)

	FY 2013 Third Quarter	FY 2014 Third Quarter	Year on Year	
Mobile device category	126,670	211,842	85,172	67.2%
Automotive electronics, C&I and other category	35,108	39,298	4,190	11.9%
Net sales	161,778	251,141	89,363	55.2%
Gross profit	19,413	26,723	7,310	37.7%
Operating income	8,196	14,711	6,515	79.5%
Ordinary income	8,979	18,320	9,341	104.0%
Net income	6,948	19,162	12,214	175.8%
EBITDA	24,435	31,994	7,560	30.9%

Note: EBITDA = operating income + depreciation and amortization (operating) + amortization of goodwill

Consolidated Results for the nine month ended December 31, 2014 (April 1, 2014 to December 31, 2014)

(Units: million yen)

	9 mo. ended Dec. 31, 2013	9 mo. Ended Dec. 31, 2014	Year on Year	
Mobile device category	377,022	422,374	45,352	12.0%
Automotive electronics, C&I and other category	105,720	114,340	8,620	8.2%
Net sales	482,742	536,715	53,973	11.2%
Gross profit	55,625	30,656	(24,969)	(44.9%)
Operating income	22,122	(5,560)	(27,682)	—
Ordinary income	18,636	(4,157)	(22,793)	—
Net income	33,483	(8,629)	(42,112)	—
EBITDA	66,838	46,173	(20,665)	(30.9%)

Note: EBITDA = operating income + depreciation and amortization (operating) + amortization of goodwill

Over the first nine months of FY 2014 ended December 31, 2014 smartphone displays saw large increases in size and resolution. The key market factor was Apple Inc.'s September release of a new version of its highly popular iPhone, which came equipped with a low-temperature poly-silicon (LTPS) display larger in size than previous model displays and featuring higher resolution. Also, other smartphone makers, especially Chinese makers operating in the fast-growing China market, announced a series of new smartphones equipped with 5-inch or larger Full-HD (1080×1920 pixels) and WQHD (1440×2560 pixels) high-resolution displays.

Below is an overview of JDI's business performance in the 9-month period.

Mobile device category

The mobile device category includes displays for smartphones, tablets and conventional mobile phones. Sales in the 9-month period in this category were 422,374 million yen (up 12.0% YoY), accounting for 78.7% of total sales.

In the consolidated third quarter earnings received a big lift from sales to a large customer in the US/Europe, which made up for shipment delays in the second quarter. Earnings grew 2.5 fold versus a year earlier. Also, increased shipments of smartphone displays to China, especially high-resolution displays, enabled JDI to record its biggest first 9-month sales since the company's establishment in 2012.

Automotive electronics, C&I and other category

The automotive electronics, C&I and other category includes displays for automotive electronics, consumer electronic devices (digital cameras, game consoles, etc.) and industrial equipment (medical device monitors, etc.). The category also includes income from intellectual property. Nine-month sales in this category were 114,340 million yen (up 8.2% YoY), accounting for 21.3% of total sales.

In the 9-month period robust automobile sales supported steady sales of displays for automotive electronics, while game console displays were also solid.

First nine-month net sales were 536,715 million yen (up 11.2% YoY), a record for JDI for this period. Behind the record achievement was sales of new display modules to a large customer in the US/Europe as well as growth in sales to China. Operating income returned to the black to 14,711 million yen in the third quarter, but after accounting for cumulative losses for the first two quarters of FY 2014 the 9-month period posted an operating loss of 5,560 million yen (versus 9-month operating income of 22,122 million yen a year ago). The earlier cumulative losses also brought an ordinary loss of 4,157 million yen (versus ordinary income of 18,636 million yen a year ago) and a net loss of 8,629 million yen (versus net income of 33,483 million yen a year ago).

Furthermore, the weak yen delivered a foreign exchange gain of 4,980 million yen in the 9-month period. Other accounting items of note were an extraordinary gain of 7,242 million yen from subsidy income and an extraordinary loss of 6,169 million yen on reduction of non-current assets related to the subsidy income.

The difference in quarterly net results in the first nine months of FY 2014 compared with FY 2013 were made larger by the presence of an income tax adjustment of 20,763 million yen in FY 2013 on recognition of deferred tax assets related to tax losses carried forward.

(2) Financial Position

(i) Assets, liabilities and net assets

Assets

At the end of the third quarter of FY 2014 (ended December 31, 2014) JDI's current assets stood at 463,378 million yen, an increase of 84,894 million yen compared to the end of FY 2013 (ended March 31, 2014). The main factors behind the higher amount were increases in accounts receivable of 62,491 million yen, other receivables of 55,211 million yen, merchandise and finished goods of 8,141 million yen and raw materials and supplies of 9,476 million yen. Also, cash and cash equivalents fell by 52,326 million yen. Noncurrent assets were 394,752 million yen, an increase of 14,261 million yen compared to the end of FY 2013, due mainly to property, plant and equipment growing by 12,602 million yen.

As a result total assets stood at 858,131 million yen, an increase of 99,156 million yen compared with the end of the FY 2013.

Liabilities

At the end of the third quarter of FY 2014 JDI's current liabilities stood at 366,759 million yen, an increase of 111,856 million yen compared with the end of FY 2013. The main reason for the increase was 119,593 million yen growth in accounts payable and declines of 4,524 million yen in short-term borrowings and 14,722 million yen in advance receipts. Noncurrent liabilities at the end of the third quarter were 85,420 million yen, a decline of 13,507 million yen compared with the end of FY 2013 that mainly resulted from declines of 6,673 million yen in long-term borrowings and 7,819 million yen in lease obligations.

As a result, total liabilities at the end of the third quarter were 452,179 million yen, an increase of 98,349 million yen compared with the end of FY 2013.

Net assets

At the end of the third quarter of FY 2014 JDI had net assets of 405,951 million yen, an increase of 806 million yen compared with the end of FY 2013. Key items were a foreign exchange translation adjustment of 9,366 million yen and a decrease in retained earnings due to the net loss of 8,629 million yen for the 9-month period.

As a result, JDI had a shareholders' equity ratio of 47.1% (versus 53.3% at the end of FY 2013). Also, the company returned to net cash (cash and deposits exceeded interest-bearing liabilities).

(3) Note regarding consolidated financial and other forecasts

1) Consolidated financial forecast

JDI's consolidated FY 2014 full-term financial forecast remains unchanged from the forecast contained in the "Consolidated Financial Results for the Six Months of Fiscal Year 2014 (Japanese GAAP)" announcement dated November 13, 2014.

(Units: million yen)

Net sales	Operating income	Ordinary income	Net income
740,000	6,500	1,500	(12,132)

2) Change in dividend expectations

i. Reason for change

In regard to the current year under review (the fiscal year ending on March 31, 2015), the company's view has been that dividend payouts must be balanced against continuous capital investments in manufacturing capacity. Accordingly, decisions about dividend payouts have to depend on market trends, the timing of strategic investment, the company's financial condition and other factors that may apply.

At this time, in light of the company's earnings performance through the first nine months of FY 2014 and the business environment expected in the final three months (the fourth quarter) of the term, the heretofore "undecided" status of an end-FY 2014 dividend payout has been changed to "nonpayment."

JDI recognizes that returning value to shareholders is an important management priority. Looking ahead, the company is focused on achieving an earnings recovery in order to make possible a future return of value to shareholders.

ii. Summary of change

	Dividends per share (yen)		
	End of 2Q, (September 30)	Year end (March 31)	Total
Previous forecast (As of October 15,2014)		Undecided	Undecided
Revised forecast		0 yen	0 yen
Current fiscal year results (FY 2014)	0 yen		
Previous fiscal year results (FY 2013)	0 yen	0 yen	0 yen

2. Summary information (notes)

(1) Important changes in principal subsidiaries in the nine-month consolidated accounting period ended Dec.31, 2014

Not applicable.

While there were no specific changes involving the status of principal subsidiaries, in the consolidated first quarter a JDI subsidiary, Taiwan Display Inc., did acquire shares of Star World Technology Corporation (“STC”) on June 13, 2014. As a result, STC became a consolidated subsidiary. As of the first quarter of FY 2014 STC and its subsidiaries will now be included in the scope of JDI's consolidated accounts.

Furthermore, as the deemed acquisition date was the end of the FY 2014 first quarter, the acquisition is now included in the consolidated statement of income and statements of cash flow as of the FY 2014 second quarter.

(2) Application of special accounting methods to the preparation of quarterly consolidated financial statements

Calculation of tax costs

Quarterly income taxes are calculated by multiplying the quarterly income before income taxes by a reasonable estimate of the effective tax rate after application of tax effect accounting for the estimated income before income taxes in the consolidated fiscal year, including the third quarter.

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatements

Changes in accounting policies

Application of accounting standards related to retirement benefits

Effective beginning the three-month consolidated accounting period ended June 30, 2014 Japan Display Inc. (“JDI”) has adopted Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; hereafter the "Accounting Standard") and Article 67 of the "Guidance on the Accounting Standard for Retirement Benefits," (ASBJ Guidance No. 25 of May 17, 2012) and has changed the calculation methods for retirement benefit obligations and service costs. The method of determining the discount rate has been revised from a discount rate based on an approximation of the employees’ average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

With respect to application of the Accounting Standard, in accordance with transitional accounting treatments as stated in Article 37 of the Accounting Standard, the effect of the changes in calculation methods for retirement benefit obligations and service costs has been reflected in retained earnings at the beginning of the nine-month consolidated accounting period ended December 31, 2014.

As a result, the net defined benefit liability at the beginning of the nine-month consolidated accounting period ended December 31, 2014 has increased by 1,701 million yen while retained earnings have been reduced by the same amount. JDI's operating loss, ordinary loss and loss before income taxes and minority interests in the nine-month consolidated accounting period ended December 31, 2014 have each decreased by 43 million yen.

(Application of Practical Solution Regarding Transactions for Delivering the Company’s Own Stock to Employees etc. through Trusts)
Effective beginning the three-month consolidated accounting period ended June 30, 2014, JDI has adopted

the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (Practical Issue Task Force (PITF) No. 30 issued on December 25, 2013. However, the previously applied accounting method for the Trust agreement that had been entered into before the beginning of the three-month consolidated accounting period ended June 30, 2014 will continue to be used. Consequently, there will not be any impact on quarterly consolidated financial statements.

(4) Additional information

Transactions for Delivering the Company's Own Stock to Employees etc. through Trusts

JDI has introduced an incentive plan for JDI employees for the purpose of enhancing long-term corporate value by having employees improve their work performance in order to increase shareholder value. To achieve this goal, JDI is providing employees with greater welfare benefits and promoting employee awareness of company operating results.

1) Overview of transactions
Employees who are enrolled in the JDI's Employee Stock Ownership Committee (the "Committee") and who meet certain conditions are beneficiaries of the "JDI's Employee Stock Ownership Association Trust" (the "Trust"). The Trust is managed by a trust bank. Starting in March 2013 the Trust has been relying on borrowings to acquire over a two-year period a third-party placement of the number of JDI shares expected to be acquired by the Committee. At a later date the Trust will sell its holding of JDI shares to the Committee. The Trust will use the proceeds of the sale to fund repayment of borrowing principal and interest. At the end of the term of the trust, if the trust account managed by the Trust records a profit due to an increase in the share price, this profit shall be distributed to the beneficiaries in proportion to their individual contributions. If the trust account records a loss due to lower share prices and debt is incurred on trust assets, no financial burden will be imposed on the beneficiaries as JDI will assume repayment of the borrowing in accordance with the warranty of the borrowing agreement.

2) JDI has adopted the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. Through Trusts (Practical Issue Task Force (PITF) No. 30 issued on December 25, 2013). However, previously used accounting methods are being applied to trust-related accounting procedures.

3) JDI's own company stock remaining in the trust

i. Trust book value
FY 2013: 304 million yen; FY 2014 third quarter: 111 million yen

ii. Regarding whether JDI company shares held in the trust account are recognized as treasury stock in equity
The JDI company shares held in the trust account are recognized as treasury stock in equity.

iii. Number of end-term shares and average number of shares during the term
Number of end-term shares:
823,500 shares at the end of the third quarter FY2013
223,300 shares at the end of the third quarter FY2013
Average number of shares during the term:
950,276 shares during the nine-month consolidated accounting period ended Dec.31, 2013
468,928 shares during the nine-month consolidated accounting period ended Dec.31, 2014

iv. Regarding whether the number of shares in 3) are or are not included in the treasury stock to be excluded from calculations of per share information

The number of JDI's own company stock mentioned in 3) is included in the treasury stock to be excluded from calculations of per share information.

3. Consolidated Financial Statements

(1)Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2014	December 31, 2014
Assets		
Current assets:		
Cash and deposits	141,390	89,064
Notes and accounts receivable	97,146	159,638
Allowance for doubtful accounts	(177)	(211)
Merchandise and finished goods	25,340	33,482
Work in process	48,340	49,839
Raw materials and supplies	16,903	26,380
Other receivables	23,403	78,615
Other current assets	26,136	26,570
Total current assets	378,484	463,378
Property, plant and equipment:		
Land	11,091	11,231
Building and structures	171,564	175,013
Machinery, equipment and vehicles	407,926	423,524
Lease assets	93,414	105,909
Construction in progress	36,724	42,122
Production supplies, tools and others	58,599	59,822
	779,318	817,625
Less: accumulated depreciation	(435,538)	(461,242)
Property, plant and equipment, net	343,780	356,383
Intangible assets:		
Goodwill, net	22,115	21,475
Other intangible assets, net	12,843	12,460
Intangible assets, net	34,958	33,936
Investments and other assets	1,751	4,432
Total assets	758,975	858,131

(Millions of Yen)

	March 31, 2014	December 31, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable	101,581	221,175
Short-term debt	4,524	-
Current portion of long-term debt	8,552	8,698
Current portion of lease obligations	23,454	26,381
Income tax payable and others	709	1,027
Accrued bonuses	5,212	3,813
Advance receipts	66,780	52,057
Other current liabilities	44,087	53,604
Total current liabilities	254,902	366,759
Long-term debt, excluding current portion	17,354	10,681
Net defined benefit liability	31,232	31,900
Lease obligations, excluding current portion	48,635	40,816
Other liabilities	1,704	2,022
Total noncurrent liabilities	98,927	85,420
Total liabilities	353,830	452,179
Net assets		
Shareholders' equity		
Common stock	96,857	96,857
Capital surplus	257,053	257,049
Retained earnings	49,192	38,861
Treasury stock	(304)	(111)
Total shareholders’ equity	402,798	392,656
Accumulated other comprehensive income	1,690	11,682
Noncontrolling interest	655	1,612
Total net assets	405,144	405,951
Total liabilities and net assets	758,975	858,131

(2)Consolidated Statement of Income and Consolidated Statements of Comprehensive Income

Consolidated Statement of Income

(Millions of Yen)

	FY 2013 Nine Months Ended December 31, 2013	FY 2014 Nine Months Ended December 31, 2014
Sales, net	482,742	536,715
Cost of sales	427,117	506,059
Gross profit(loss)	55,625	30,656
Selling, general and administrative expenses	33,502	36,216
Operating income(loss)	22,122	(5,560)
Other income		
Interest income	78	161
Rent income	350	407
Operations consignment fee	552	511
Foreign exchange gain, net	600	4,980
Subsidy income	—	7,242
Other income	849	1,126
Total other income	2,431	14,428
Other expenses		
Interest expense	2,028	2,064
Loss from inventory revaluation	2,330	—
Provision of allowance for doubtful accounts	—	2,132
Loss on reduction of non-current assets	—	6,169
Other expenses	3,888	3,718
Total other expenses	8,247	14,085
Income(loss) before income taxes	16,306	(5,216)
Income taxes expense(benefit)	(17,340)	2,660
Net income(loss)	33,647	(7,876)
Less: net income attributable to noncontrolling interest	(163)	(753)
Net income(loss) attributable to Japan Display Inc.	33,483	(8,629)

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	FY 2013 Nine Months Ended December 31, 2013	FY 2014 Nine Months Ended December 31, 2014
Net income	33,647	(7,876)
Other comprehensive income – foreign currency translation adjustments	6,491	9,409
Other comprehensive income – Remeasurements of defined benefit plans	—	624
Total Comprehensive income	40,138	2,157
Comprehensive income attributable to noncontrolling interest	154	795
Comprehensive income attributable to Japan Display Inc.	39,983	1,361

(3) Notes to the quarterly Consolidated Financial Statements

Notes on premise of a going concern

Not applicable

Quarterly consolidated statement of income

Provision for doubtful accounts

In October 2014 Wintek Corporation, a Taiwanese subcontractor, filed a petition for corporate reorganization proceeding with a district court in Taiwan. Accordingly, JDI estimated possible unrecoverable accounts receivable and established a provision to cover doubtful collections.

Notes on significant changes in shareholders' equity

Not applicable