August 7, 2015

Japan Display Inc.

Consolidated Financial Results for the three Months of Fiscal Year 2015
(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:	Shuji Aruga, President and Chief Operating Officer
Contact:	Keiichi Yoshida, Chief Financial Officer
Phone:	+81-3-6732-8100

Filing of 1Q-FY2015 quarterly securities report:	August 7, 2015
Commencement of dividend payments:	-
Supplementary materials for the 1Q-FY2015 earnings results:	Available
Briefing for 1Q-FY2015 results:	August 7, 2015

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

1. Consolidated results of operations for the three months ended June 30, 2015

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

	3 mo. ended Jun. 30, 2015	YoY (%)	3 mo. ended Jun. 30, 2014	YoY (%)
Net sales	246,129	96.6	125,163	(13.9)
Operating income (loss)	2,244	-	(12,696)	-
Ordinary income (loss)	(110)	-	(16,916)	-
Profit attributable to owners of the parent	(461)	-	(16,834)	-
Net income (loss) per share				
-Basic	(0.77)	-	(28.02)	-
-Diluted	-	-	-	-
(Reference) Comprehensive income (loss)	1,264	-	(17,202)	-

(2) Financial position (Millions of yen, except per share amounts)

	Jun. 30, 2015	Mar. 31, 2015
Total assets	843,788	831,622
Net assets	403,994	402,626
Shareholders’ equity ratio (%)	47.7	48.2
Net assets per share	668.80	666.92
(Reference) Shareholders’ equity	402,226	400,982

2. Dividends

	Jun. 30	Sep. 30	Dec. 31	FY-end	Total
Year ended Mar. 31, 2015	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2016	-				
Year ending Mar. 31, 2016 (forecast)		0.00	-	-	-

Notes: 1. Changes from the most recently announced dividend forecast: No
2. Under JDI's articles of incorporation September 30 and the final day of the fiscal year are stipulated as the dates of record for dividends. However, at present the amount of the fiscal year-end dividend is not yet determined.

3. Financial forecast

(Millions of yen)

	3 mo. ending Sep. 30, 2015	YoY Chg.
Net sales ·····	260,000	62.1%
Operating income ·····	8,000	-

Notes : 1. Changes from the most recently announced earnings forecast: None
2. Due to the difficulty of making accurate business forecasts for a full 12-month fiscal period, JDI instead provides sales and operating profit forecasts on a quarterly basis.

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 "2.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)

	Jun, 30, 2015	Mar. 31, 2014
Number of shares outstanding (including treasury shares) ·····	601,411,900	601,387,900
Number of treasury shares ·····	-	140,600
	3 mo. ended Jun. 30, 2015	**3 mo. ended Jun. 30, 2014**
Average number of shares outstanding ·····	601,394,417	600,810,802

Note: 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 2015 first quarter: - ; FY 2014: 140,600 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 2015 first quarter: 7,725 shares; FY 2014 first quarter: 577,098 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. At the time of this earnings report, consolidated financial statements review procedures pursuant to the Financial Instruments and Exchange Law had 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 First Quarter of FY 2015 (April 1, 2015 to June 30, 2015)

Year on year comparison (Millions of yen)

	1Q-FY 2014	1Q-FY 2015	YoY	
			Change	(%)
Mobile device category	90,322	209,913	119,591	132.4
Automotive electronics, C&I and other category	34,841	36,215	1,374	3.9
Net sales	125,163	246,129	120,966	96.6
Gross profit	(882)	17,863	18,745	-
Operating income (loss)	(12,696)	2,244	14,940	-
Ordinary income (loss)	(16,916)	(110)	16,806	-
Profit (loss) attributable to owners of the parent	(16,834)	(461)	16,373	-
EBITDA	4,343	22,478	18,135	417.5

Note: EBITDA = operating profit + depreciation (operating costs) + amortization of goodwill
EBITDA is not one of the subject matters audited (quarterly review) pursuant to Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act.

Quarter on quarter comparison (Millions of yen)

	4Q-FY 2014	4Q-FY 2015	QoQ	
			Change	(%)
Mobile device category	192,678	209,913	17,235	8.9
Automotive electronics, C&I and other category	39,912	36,215	(3,697)	(9.3)
Net sales	232,589	246,129	13,540	5.8
Gross profit	25,061	17,863	(7,198)	(28.7)
Operating income	10,707	2,244	(8,463)	(79.0)
Ordinary income (loss)	6,021	(110)	(6,131)	-
Profit (loss) attributable to owners of the parent	(3,641)	(461)	3,180	-
EBITDA	29,535	22,478	(7,057)	(23.9)

Note: EBITDA = operating profit + depreciation (operating costs) + amortization of goodwill
EBITDA is not one of the subject matters audited (quarterly review) pursuant to Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act.

In the first quarter of FY 2015 the small-medium display market was driven by higher shipments of displays with Full-HD (1080×1920 pixels) or higher resolution for high-end smartphones. On the other hand, market prices for some smartphone displays declined, especially for middle-class and lower-end displays with lower specifications compared with high-end products.

JDI recorded strong first-quarter sales of smartphone displays to a customer in the US/Europe regions compared with weak sales a year ago in the same quarter. In addition sales to customers in China grew YoY. As a result overall first-quarter sales were considerably higher than a year earlier. Also, the effect of first-quarter market price declines on JDI, which is focused on customized value-added high-end smartphone displays, was relatively small.

Below is an overview of JDI's first-quarter business performance in each of the company's application categories.

Mobile Device Category

The mobile device category includes displays for smartphones, tablets and conventional mobile phones. Sales in the first quarter in this category were 209,913 million yen (up 132.4% YoY), accounting for 85.3% of total sales.

JDI's sales in the first quarter to a large customer in the US/Europe regions were similar to sales in the previous quarter due to the customer's own robust product sales. The company also recorded higher sales of high-resolution smartphone displays, including WQHD (1440×2560 pixels), to smartphone makers clustered in China and elsewhere in the Asian region.

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. First-quarter sales in this category were 36,215 million yen (up 3.9% YoY), accounting for 14.7% of total sales.

In the quarter shipments to the customers in Europe supported steady sales of displays for automotive electronics. Consumer electronics display sales were also solid.

Because first-quarter shipments to a large customer and shipments to China were substantially higher YoY, net sales for the quarter came to 246,129 million yen, up 96.6% YoY. Operating income was 2,244 million yen in the quarter (compared with an operating loss of 12,696 million yen a year earlier), as the jump in sales led to improved gross profit. Ordinary income posted a loss of 110 million yen (compared with an ordinary loss of 16,916 million yen a year earlier) partly because of non-operating foreign exchange losses. A 461 million yen loss attributable to owners of the parent was recorded for the quarter (compared with a 16,834 million yen loss attributable to owners of the parent a year earlier)

(2) Financial Position

Assets

At the end of the first quarter of FY 2015 (ended June 30, 2015) JDI had current assets of 440,373 million yen, an increase of 3,682 million yen compared to the end of FY 2014 (ended March 31, 2015). The main factors were cash and cash equivalents, which fell by 28,217 million yen, accounts receivable up 19,002 million yen, other receivables up 6,651 million yen and merchandise & finished goods up 5,378 million yen. An 8,600 million yen increase in property, plant and equipment was the main reason for a rise of 8,484 million yen in noncurrent assets, which ended the quarter at 403,415 million yen.

As a results total net assets at the end of the first quarter were 843,788 million yen, an increase of 12,166 million yen compared with the end of FY 2014.

Liabilities

At the end of the first quarter of FY 2015 JDI had current liabilities of 373,311 million yen, an increase of 24,626 million yen compared with the end of FY 2014. The main reason for the increase was that accounts payable grew 19,621 million yen and advance receipts were up 7,447 million yen. Noncurrent liabilities were 66,482 million yen, a drop of 13,828 million yen compared with the end of FY 2014 that mainly resulted from declines of 2,309 million yen in long-term borrowings and 10,842 million yen in lease obligations.

As a result total liabilities at the end of the first quarter were 439,793 million yen, an increase of 10,797 million yen compared with the end of FY 2014.

Net assets

At the end of the first quarter of FY 2015 JDI had net assets of 403,994 million yen, an increase of 1,368 million yen compared with the end of FY 2014. A key item was a foreign exchange translation adjustment of 1,403 million yen.

As a result, JDI had a shareholders' equity ratio of 47.7% (versus 48.2% at the end of FY 2014).

(3) Note regarding consolidated financial and other forecasts

Consolidated financial forecast for the Second Quarter of FY 2015 (July 1, 2015 to September 30, 2015)

(millions of yen)

	Net sales	YoY change (%)	Operating income	YoY change (%)
2Q-FY 2015	260,000	62.1	8,000	-
2Q- FY 2014 (Actual)	160,411	(8.6)	(7,575)	-

Consolidated financial forecast for the first six months of FY 2015 (April 1, 2015 to September 30, 2015)

(millions of yen)

	Net sales	YoY change (%)	Operating income	YoY change (%)
6 mo. ending Sep. 30, 2015	506,129	77.2	10,244	-
6 mo. ended Sep. 30, 2014 (Actual)	285,574	(11.0)	(20,271)	-

JDI does business in the small-medium display industry, an industry known for having a highly volatile business climate. Due to the difficulty in making accurate business forecasts for a full 12-month business period JDI provides consolidated sales and operating income forecasts on a quarterly basis. Moreover, because large differences that can exist between monetary assets/liabilities denominated in foreign currencies and their value based on the foreign exchange rate at the end of a quarter may preclude accurate financial predictions, JDI does not provide forecasts of quarterly ordinary income and profit attributable to owners of the parent.

Regarding the FY 2015 second quarter, JDI forecasts net sales of 260,000 million yen, a substantial increase YoY and a slight increase compared with the previous quarter. The forecast is in part based on solid shipments to a smartphone maker in the US/Europe regions. Also expected is a major improvement in operating income in the second quarter compared with a year earlier, when sluggish sales resulted in a quarterly loss. Since the margin on certain products is expected to improve relative to the first quarter, the company forecasts operating income of 8,000 million yen.

JDI's forecast for the first six months ending September 30, 2015 consists of actual results for the first quarter plus the forecast for the second quarter.

The above financial forecasts are based on a foreign currency exchange rate assumption of 1US$=120 yen.

2. Summary information (notes)

(1) Important changes in principal subsidiaries in the first three-month period (first quarter) of FY 2015

Not applicable.

(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 first quarter.

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

Changes in accounting policies

Application of accounting standards for Business Combinations

From 1Q FY2015, JDI began applying the Accounting Standard for Business Combinations (ASBJ Statements No.21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013). Accordingly, the accounting method has been changed to record the difference associated with changes in equity in subsidiaries remaining under the control of the Company as capital surplus, and to record acquisition-related costs as expenses for the fiscal year in which the costs are incurred. In addition, regarding business combinations implemented on or after the beginning of the three months ended March 31, 2015, the accounting method has been changed to retroactively reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the effective date of the business combinations. Furthermore, the change in presentation of net income and the change in presentation from minority interests to non-controlling interests have been implemented. Consequently, the consolidated financial statements for 1Q FY2014 and for FY2014 have been restated to reflect the changes in reporting method.

JDI has adopted the Accounting Standard for Business Combinations since the start of 1Q FY2015 in accordance with the transitional treatment set forth in Paragraph 58-2(4) of Accounting Standard for Business Combinations, Paragraph 44-5(4) of Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4(4) of Accounting Standard for Business Divestitures. Consequently, there will not be any impact on quarterly consolidated financial statements.

3. Consolidated Financial Statements

(1)Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets:		
Cash and deposits	94,643	66,425
Notes and accounts receivable	144,087	163,089
Allowance for doubtful accounts	(200)	(208)
Merchandise and finished goods	30,730	36,108
Work in process	53,863	53,042
Raw materials and supplies	28,815	27,871
Other receivables	62,764	69,416
Deferred tax assets	13,587	13,822
Other current assets	8,399	10,805
Total current assets	436,691	440,373
Property, plant and equipment:		
Land	10,899	14,640
Building and structures	172,732	173,821
Machinery, equipment and vehicles	440,546	443,080
Lease assets	110,622	110,615
Construction in progress	29,108	46,339
Production supplies, tools and others	60,156	60,928
	824,066	849,425
Less: accumulated depreciation	(475,179)	(491,938)
Property, plant and equipment, net	348,886	357,486
Intangible assets:		
Goodwill, net	20,917	20,952
Other intangible assets, net	12,092	11,624
Intangible assets, net	33,010	32,576
Investments and other assets	13,034	13,351
Total assets	831,622	843,788

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable	197,103	216,724
Current portion of long-term debt	8,647	8,791
Current portion of lease obligations	26,928	30,937
Income tax payable and others	1,515	823
Accrued bonuses	5,923	3,684
Advance receipts	65,272	72,720
Other current liabilities	43,294	39,630
Total current liabilities	348,684	373,311
Long-term debt, excluding current portion	8,870	6,561
Net defined benefit liability	31,654	30,974
Lease obligations, excluding current portion	39,068	28,226
Other liabilities	718	720
Total noncurrent liabilities	80,311	66,482
Total liabilities	428,995	439,793
Net assets		
Shareholders' equity		
Common stock	96,857	96,863
Capital surplus	257,044	257,040
Retained earnings	35,220	34,758
Treasury stock	(70)	-
Total shareholders' equity	389,051	388,662
Accumulated other comprehensive income	11,930	13,563
Noncontrolling interest	1,643	1,768
Total net assets	402,626	403,994
Total liabilities and net assets	831,622	843,788

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

Consolidated Statement of Income

(Millions of Yen)

	FY 2014 First Quarter	FY 2015 First Quarter
Sales, net	125,163	246,129
Cost of sales	126,045	228,265
Gross profit(loss)	(882)	17,863
Selling, general and administrative expenses	11,814	15,618
Operating income(loss)	(12,696)	2,244
Other income		
Interest income	37	34
Rent income	117	116
Operations consignment fee	166	199
Subsidy income	-	1,737
Other income	185	121
Total other income	507	2,209
Other expenses		
Interest expense	695	591
Advanced depreciation deduction of fixed assets	-	1,630
Foreign exchange loss, net	3,337	1,855
Other expenses	693	488
Total other expenses	4,726	4,565
Income(loss) before income taxes	(16,916)	(110)
Income taxes expense(benefit)	(186)	266
Net income(loss)	(16,729)	(376)
Less: net income attributable to noncontrolling interest	104	84
Net income(loss) attributable to Japan Display Inc.	(16,834)	(461)

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	FY 2014 First Quarter	FY 2015 First Quarter
Net income	(16,729)	(376)
Other comprehensive income – foreign currency translation adjustments	(681)	1,411
Other comprehensive income – Remeasurements of defined benefit plans	208	229
Total Comprehensive income	(17,202)	1,264
Comprehensive income attributable to noncontrolling interest	101	92
Comprehensive income attributable to Japan Display Inc.	(17,303)	1,171

(3) Notes to the quarterly Consolidated Financial Statements

Notes on premise of a going concern
Not applicable

Notes on significant changes in shareholders' equity
Not applicable