February 8, 2016

Japan Display Inc.

Consolidated Financial Results for the Nine 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 3Q-FY2015 quarterly securities report:	February 9, 2016
Commencement of dividend payments:	-
Supplementary materials for the 3Q-FY2015 earnings results:	Available
Briefing for 3Q-FY2015 results:	February 8, 2016

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

1. Consolidated results of operations for the nine months ended December 31, 2015

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

	9 mo. ended Dec. 31, 2015	YoY (%)	9 mo. ended Dec. 31, 2014	YoY (%)
Net sales	812,840	51.4	536,715	11.2
Operating income (loss)	23,908	-	(5,560)	-
Ordinary income (loss)	9,886	-	(4,157)	-
Profit attributable to owners of the parent	4,411	-	(8,629)	-
Net income (loss) per share				
-Basic	7.34		(14.36)	-
-Diluted	-		-	-
(Reference) Comprehensive income (loss)	2,202	2.1	2,157	(94.6)

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

	Dec. 31, 2015	Mar. 31, 2015
Total assets	951,217	831,622
Net assets	404,947	402,626
Shareholders’ equity ratio (%)	42.4	48.2
Net assets per share	669.93	666.92
(Reference) Shareholders’ equity	402,902	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	-	0.00	-		
Year ending Mar. 31, 2016 (forecast)			-	-	-

Notes: 1. Changes from the most recently announced dividend forecast: None
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)

	12 mo. ending Mar. 31, 2016	YoY Chg (%)
Net sales ·····	1,003,000	30.4
Operating income ·····	22,000	327.4

Notes: 1. Changes from the most recently announced earnings forecast: Yes
2. Due to the difficulty in making precise forecasts JDI is only presenting forecasts for "net sales" and "operating income" in our FY 2015 consolidated business forecast.

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)

	Dec. 31, 2015	Mar. 31, 2015
Number of shares outstanding (including treasury shares) ·····	601,411,900	601,387,900
Number of treasury shares ·····	-	140,600
	9 mo. ended Dec. 31, 2015	**9 mo. ended Dec. 31, 2014**
Average number of shares outstanding ·····	601,406,114	600,918,972

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 third quarter: - shares; 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 third quarter: 2,556 shares; FY 2014 third quarter: 468,928 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 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 9 months Ended (April 1, 2015 to December 31, 2015)

(Units: million yen)

	9 mo. ended Dec. 31, 2014	9 mo. ended Dec. 31, 2015	YoY	
			Change	(%)
Mobile device category	422,374	697,611	275,237	65.2
Automotive electronics, C&I and other category	114,340	115,228	888	0.8
Net sales	536,715	812,840	276,125	51.4
Gross profit	30,656	68,636	37,980	123.9
Operating income (loss)	(5,560)	23,908	29,468	-
Ordinary income (loss)	(4,157)	9,886	14,043	-
Quarterly net income (loss)	(8,629)	4,411	13,040	-
EBITDA	46,173	83,811	37,638	81.5

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 (1) of the Financial Instruments and Exchange Act.

In nine months of FY 2015 ending March 31, 2016 the small-medium display market saw the September sales launch of a new model of the iPhone, Apple Inc.'s globally popular smartphone, and a larger number of sales launches this year by Chinese and other global market smartphone makers of models equipped with 5-inch or larger Full-HD (1080×1920 pixels) and higher resolution displays. This resulted in higher market demand for low-temperature polycrystalline silicon (LTPS) displays, JDI's flagship product.

At JDI, in addition to strong sales of smartphones displays to the company's major customer in the US/Europe regions, sales to customers in China and elsewhere in Asia achieved growth. As a result nine-month net sales were substantially higher on a YoY basis.

Under its new management structure since the second quarter JDI has been actively pursuing management reforms focused on lowering its break-even point, securing a healthier cash flow and transforming the organizational mindset. Given that the small-medium display industry operates in a highly volatile market, a key company goal is to create a business structure less susceptible to sudden shifts in demand by improving yields, lowering production costs and enhancing employee awareness of the levers of profits and losses.

Based on these management reform measures, as of the end of nine months JDI has implemented new measures to improve earnings and cash flow, such as a tighter process for reducing variable costs and fixed costs, establishing the China Business Development Center in China and shortening the accounts receivable collection period.

Below is an overview of JDI's nine-month 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.

Nine-month sales in this category were 697,611 million yen (up 65.2% YoY), accounting for 85.8% of total company sales.

Although there was a sales decline in China in the third quarter of FY 2015 due to increasingly severe competition in the smartphone display market, total sales to China for the nine months were up compared with a year earlier. Also, strong shipments to a large customer in the US/Europe regions led to higher YoY sales to this customer. As a result sales in the Mobile Device category grew more than 1.6 fold versus nine months of FY 2014.

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.) as well as income from intellectual property and other sources. Nine-month sales in this category were 115,228 million yen (up 0.8% YoY), accounting for 14.2% of total sales.

Nine-month automotive display sales were higher YoY, backed by robust auto sales in Europe and the US. However, since display sales for consumer electronics including digital still cameras declined, overall sales in this category were almost flat YoY.

As a result, net sales for nine months of FY 2015 were 812,840 million yen, up 51.4% YoY. Operating income was 23,908 million yen (versus a nine-month net loss of 5,560 million yen a year earlier) as the jump in sales boosted gross profit. Ordinary income was 9,886 million yen (compared with an ordinary loss of 4,157 million yen a year earlier) after taking into consideration a non-operating foreign exchange loss of 10,665 million yen and other factors. Net income attributable to owners of the parent was 4,411 million yen (versus an 8,629 million yen net loss attributable to owners of the parent a year earlier) after accounting for an extraordinary loss consisting of an impairment loss of 1,101 million yen on the manufacturing equipment of a subsidiary.

Consolidated Results for the Third Quarter of FY 2015 (October 1, 2015 to December 31, 2015)

Year on year comparison

(Millions of yen)

	3Q-FY 2014	3Q-FY 2015	YoY	
			Change	(%)
Mobile device category	211,842	270,309	58,467	27.6
Automotive electronics, C&I and other	39,298	34,666	(4,632)	(11.8)
Net sales	251,141	304,975	53,834	21.4
Gross profit	26,723	26,127	(596)	(2.2)
Operating income	14,711	13,324	(1,387)	(9.4)
Ordinary income	18,320	8,221	(10,099)	(55.1)
Profit attributable to owners of the parent	19,162	4,734	(14,428)	(75.3)
EBITDA	31,994	32,965	971	3.0

Note: EBITDA = operating profit + depreciation (operating costs) + amortization of goodwill

Quarter on quarter comparison

(Millions of yen)

	2Q-FY 2015	3Q-FY 2015	QoQ	
			Change	(%)
Mobile device category	217,389	270,309	52,920	24.3
Automotive electronics, C&I and other	44,347	34,666	(9,681)	(21.8)
Net sales	261,736	304,975	43,239	16.5
Gross profit	24,646	26,127	1,481	6.0
Operating income	8,340	13,324	4,984	59.8
Ordinary income	1,775	8,221	6,446	363.2
Profit attributable to owners of the parent	138	4,734	4,596	-
EBITDA	28,367	32,965	4,598	16.2

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 (1) of the Financial Instruments and Exchange Act.

In JDI's third quarter (October 1, 2015 to December 31, 2015) strong sales in the Mobile Device category was the main driver of earnings. Total net sales were 304,975 million yen (up 21.4% YoY and 16.5% QoQ) and operating income was 13,324 million yen (down 9.4% YoY but up 59.8% QoQ). Ordinary income was 8,221 million yen (down 55.1% YoY but up 363.2% QoQ) while net income attributable to owners of the parent was 4,734 million yen (down 75.3% YoY while net income attributable to owners of the parent in the second quarter was 138 million yen).

The differences between operating income and both ordinary income and net income attributable to owners of the parent in the third quarter this fiscal year were larger compared with the differences recorded in the third quarter of FY 2014.

Among the reasons for this were a foreign exchange gain in the third quarter of FY 2014 became a foreign exchange loss in this fiscal year's third quarter, net extraordinary income deriving from government subsidies in the third quarter of FY 2014 was absent in this year's third quarter and tax expenses (including income taxes) in the FY 2015 third quarter rose YoY.

Below is a comparison of JDI's third-quarter business performance with the previous quarter for each of the company's application categories.

Mobile Device Category

Third-quarter sales in the Mobile Device category were 270,309 million yen (up 24.3% QoQ), accounting for 88.6% of JDI's total sales.

Due to a more severe competitive environment third-quarter sales to China were down QoQ, as were sales to the rest of Asia. However, sales to a large customer in the US/Europe regions were substantially larger, resulting in higher overall sales QoQ in this category.

Automotive Electronics, C&I and Other Category

Third-quarter sales in the Automotive Electronics, C&I and Other category were 34,666 million yen (down 21.8% QoQ), accounting for 11.4% of total sales.

Sales of automotive displays in the third quarter were almost the same as the previous quarter, while consumer electronic device display sales were down. Consequently, total sales in this category declined QoQ.

(2) Financial Position

(i) Assets, liabilities and net assets

Assets

At the end of the third quarter of FY 2015 JDI had current assets of 509,836 million yen, an increase of 73,145 million yen versus the end of FY 2014 (ended March 31, 2015). The main factors were increases of 25,329 million yen in cash and deposits, 43,543 million yen in other receivables and 25,324 million yen in merchandise and finished goods, along with a 13,182 million yen decrease in work in process. Noncurrent assets were 441,380 million yen, an increase of 46,450 million yen versus the end of FY 2014, mainly because of a 48,738 million yen increase in property, plant and equipment.

As a results total net assets at the end of the third quarter were 951,217 million yen, 119,595 million yen higher compared with the end of FY 2014.

Liabilities

At the end of the third quarter of FY 2015 JDI had current liabilities of 484,250 million yen, an increase of 135,565 million yen compared with the end of FY 2014. The main reason for the increase was growth of 73,732 million yen in accounts payable and 47,482 million yen in advance receipts. Noncurrent liabilities were 62,020 million yen, a decline of 18,290 million yen compared with the end of FY 2014, mainly due to a 6,669 million yen drop in long-term borrowings and 9,138 million yen less in lease obligations.

As a result total liabilities at the end of the third quarter were 546,270 million yen, an increase of 117,274 million yen compared with the end of FY 2014.

Net assets

At the end of the third quarter of FY 2015 JDI had net assets of 404,947 million yen, an increase of 2,321 million yen compared with the end of FY 2014. Two major factors were an increase in retained earnings based on 4,411 million yen in net income attributable to owners of the parent and a 3,252 million yen decrease in foreign exchange translation adjustments.

As a result JDI had a shareholders' equity ratio of 42.4% at the end of the third quarter (versus 48.2% at the end of FY 2014).

(3) Note regarding consolidated financial and other forecasts

Consolidated financial forecast for the fourth quarter of FY 2015 (January 1, 2016 to March 31, 2016)

(millions of yen)

	Net sales	YoY change (%)	Operating income	YoY change (%)
4Q-FY 2015 (Forecast)	190,160	(18.2)	(1,908)	-
4Q- FY 2014 (Actual)	232,589	76.4	10,707	94.6

Consolidated financial forecast for the FY 2015 (April 1, 2015 to March 31, 2016)

(millions of yen)

	Net sales	YoY change (%)	Operating income	YoY change (%)
FY2015 (Forecast) (12 mo. ending Mar. 31, 2016)	1,003,000	30.4	22,000	327.4
FY2014 (Actual) (12 mo. ended Mar. 31, 2015)	769,304	25.2	5,147	(81.4)

Because large foreign exchange losses or gains which may be generated by the evaluation of JDI's monetary assets and liabilities denominated in foreign currencies as of the last day of each financial period may preclude accurate financial predictions, JDI provides financial forecasts only for consolidated net sales and operating income.

Regarding the fourth quarter of FY 2015 JDI forecasts a YoY decline in sales to 190,160 million yen owing in part to a fall in demand from a large customer in the US/Europe regions and to weakness in demand from China and other regions. With smaller sales an operating loss of 1,908 million yen is expected.

For the FY 2015 full term JDI forecasts net sales of 1,003,000 million yen (up 30.4% YoY) and operating income of 22,000 million yen (up 327.4% YoY), which represents large gains in sales and earnings.

The foreign exchange rate forecast applied to the above financial estimates for the fourth quarter of FY 2015 is US$1=115 yen.

2. Summary information (notes)

(1) Important changes in principal subsidiaries in the nine-month consolidated accounting period ended Dec.31, 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 third 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 1Q FY 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 3Q 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 beginning 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 December 31, 2015
Assets		
Current assets:		
Cash and deposits	94,643	119,973
Notes and accounts receivable	144,087	139,937
Allowance for doubtful accounts	(200)	(184)
Merchandise and finished goods	30,730	56,055
Work in process	53,863	40,680
Raw materials and supplies	28,815	22,946
Other receivables	62,764	106,307
Deferred tax assets	13,587	14,116
Other current assets	8,399	10,004
Total current assets	436,691	509,836
Property, plant and equipment:		
Land	10,899	14,545
Building and structures	172,732	172,371
Machinery, equipment and vehicles	440,546	420,807
Lease assets	110,622	129,196
Construction in progress	29,108	107,140
Production supplies, tools and others	60,156	58,109
	824,066	902,171
Less: accumulated depreciation	(475,179)	(504,546)
Property, plant and equipment, net	348,886	397,624
Intangible assets:		
Goodwill, net	20,917	19,650
Other intangible assets, net	12,092	10,826
Intangible assets, net	33,010	30,477
Investments and other assets	13,034	13,278
Total assets	831,622	951,217

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable	197,103	270,835
Current portion of long-term debt	8,647	8,552
Current portion of lease obligations	26,928	33,548
Income tax payable and others	1,515	3,075
Accrued bonuses	5,923	3,227
Advance receipts	65,272	112,755
Other current liabilities	43,294	52,255
Total current liabilities	348,684	484,250
Long-term debt, excluding current portion	8,870	2,201
Net defined benefit liability	31,654	29,239
Lease obligations, excluding current portion	39,068	29,929
Other liabilities	718	649
Total noncurrent liabilities	80,311	62,020
Total liabilities	428,995	546,270
Net assets		
Shareholders' equity		
Common stock	96,857	96,863
Capital surplus	257,044	257,040
Retained earnings	35,220	39,633
Treasury stock	(70)	—
Total shareholders' equity	389,051	393,536
Accumulated other comprehensive income	11,930	9,365
Subscription rights to shares	—	11
Non-controlling interest	1,643	2,033
Total net assets	402,626	404,947
Total liabilities and net assets	831,622	951,217

Consolidated Statement of Income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Sales, net	536,715	812,840
Cost of sales	506,059	744,204
Gross profit	30,656	68,636
Selling, general and administrative expenses	36,216	44,727
Operating income (loss)	(5,560)	23,908
Other income		
Interest income	161	87
Foreign exchange gain, net	4,980	—
Subsidy income	7,242	3,382
Rent income	407	350
Operations consignment fee	511	552
Other income	1,126	589
Total other income	14,428	4,963
Other expenses		
Interest expense	2,064	1,810
Foreign exchange loss, net	—	10,665
Loss on reduction of non-current assets	6,169	2,650
Impairment loss	—	1,101
Provision for allowance for doubtful accounts	2,132	—
Other expenses	3,718	3,859
Total other expenses	14,085	20,087
Income (loss) before income taxes	(5,216)	8,785
Income taxes expense	2,660	3,990
Net income (loss)	(7,876)	4,794
Less: net income attributable to non-controlling interest	753	382
Net income (loss) attributable to owners of the parent	(8,629)	4,411

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income (loss)	(7,876)	4,794
Other comprehensive income		
Foreign currency translation adjustments	9,409	(3,278)
Remeasurements of defined benefit plans	624	687
Total other comprehensive income	10,034	(2,591)
Comprehensive income	2,157	2,202
Comprehensive income attributable to owners of parent.	1,361	1,846
Comprehensive income attributable to non-controlling interest	795	356

(4) 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