Securities Code: 6740

June 2, 2016

To our shareholders

Mitsuru Homma
Representative Director and Chairman
Japan Display Inc.
7-1, Nishi-Shinbashi 3-chome, Minato-ku, Tokyo

Notice of the 14th Annual General Meeting of Shareholders

The 14th 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 20, 2016.

1. Date and Time: Tuesday, June 21, 2016, at 10 a.m. (Reception begins at 9 a.m.)
2. Venue: Hikarie Hall on the 9th floor
   Shibuya Hikarie
   21-1, Shibuya 2-chome, 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 14th Fiscal Year (from April 1, 2015 to March 31, 2016)
   2. Non-consolidated Financial Statements for the 14th Fiscal Year (from April 1, 2015 to March 31, 2016)

   Matters to be resolved:

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

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

   Proposal No. 3: Election of One (1) Substitute Company Auditor

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: Election of Six (6) Directors

The terms of office of all six (6) 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 Re-elected	Mitsuru Homma (November 6, 1947) Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016 Number of meetings held: 13 Number of attendance:13 Attendance rate:100%	Apr. 1970 Entered SANYO Electric Co., Ltd. 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. Jun. 2015 Representative Director and Chairman and Chief Executive Officer of the Company (current position) [Significant concurrent positions outside the Company] None	0
		[Reason for nomination as a candidate for Director] Mr. Mitsuru Homma has the wealth of experience and achievements as an executive of a large company in the electronic components industry. From June 2015, he has been assuming responsibility for the management of the JDI Group as Representative Director and Chairman and Chief Executive Officer (CEO) of the Company, promoting management reforms with his strong leadership. Since we intend to share information with Mr. Homma, as a member of the Board of Directors, and he is expected to further strengthen the decision-making function of the Board of Directors through utilizing his wealth of experience and achievements in overall management, the Company proposes that he continue to be elected as a Director.	

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
2 Re-elected	Shuji Aruga (March 22, 1959) Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016 Number of meetings held: 19 Number of attendance:19 Attendance rate:100%	Apr. 1983 Entered Suwa Seikosha Co., Ltd. (now Seiko Epson Corporation) Dec. 2006 Executive Officer of Seiko Epson Corporation President and Representative Director of Epson Imaging Devices Corporation Dec. 2009 Director and Executive Vice President of Sony Mobile Display Corporation Apr. 2011 President and Representative Director of Sony Mobile Display Corporation Managing Director of the mobile display business of Sony Corporation's Professional Devices Solutions Group Mar. 2012 Executive Officer and Chief Business Officer of the former Japan Display Inc.* Apr. 2013 Executive Officer and Chief Business Officer of the Company (Division Manager of the Mobile Business) Nov. 2013 Director of the Company Jul. 2014 Executive Officer, and Chief Operating Officer and Chief Business Officer of the Company Jun. 2015 Representative Director and President and Chief Operating Officer of the Company (current position) [Significant concurrent positions outside the Company] None	4,000
		[Reason for nomination as a candidate for Director] Mr. Shuji Aruga has the wealth of experience and achievements as a business expert in the LCD panel corporation. From March 2012, Mr. Aruga as Executive Officer and Chief Business Officer (CBO) has been engaged in strengthening the business foundation in the start-up phase and from June 2015, he has been assuming responsibility for the management of the JDI Group as Representative Director and President and Chief Operating Officer (COO), driving the Company's business with his strong leadership. Since we intend to share information with Mr. Aruga, as a member of the Board of Directors, and he is expected to further strengthen the decision-making function of the Board of Directors through utilizing his wealth of experience and achievements in overall management, the Company proposes that he continue to be elected as a Director.	

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">3
Re-elected
Outside</td><td rowspan="2">Koichiro Taniyama
(November 23, 1969)

Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016

Number of meetings held: 19
Number of attendance:19
Attendance rate:100%</td><td>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)
[Significant concurrent positions outside the Company]
Executive Managing Director of INCJ
Director, JOLED Inc.</td><td>0</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for Director]
Mr. Koichiro Taniyama has ample experience in international investment businesses and advanced managerial insights garnered through providing management support to investee companies. Since Mr. Taniyama is expected to further strengthen the function of the Company’s Board of Directors, through providing advice regarding the Company’s management and appropriate supervision of business execution from a global business perspective at the meeting of the Board of Directors, the Company proposes that he continue to be elected as an Outside Director.</td></tr>
</table>

Candidate number	Name (Date of birth)	Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company	Number of shares of the Company owned
4 Re-elected Outside Independent	Katsuhiko Shirai (September 24, 1939) Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016 Number of meetings held: 19 Number of attendance:18 Attendance rate:95%	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) [Significant concurrent positions outside the Company] Advisor on educational issues for Waseda University Chairman of The Open University of Japan Outside Director of NIPPON TELEGRAPH AND TELEPHONE CORPORATION	0
		[Reason for nomination as a candidate for Director] Mr. Katsuhiko Shirai has the wealth of management experience and high-level insight in the development of human resources through research activities in the university and educational institutions. From June 2012, Mr. Shirai as an Outside Director has been providing advice regarding the Company's management and appropriate supervision of business execution from an objective perspective, being independent of the management that executes the Company's business. Since Mr. Shirai is expected to further strengthen the function of the Company's Board of Directors, the Company proposes that he continue to be elected as an Outside Director.	

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">5
Re-elected
Outside
Independent</td><td rowspan="2">Hiroshi Kanno
(November 14, 1958)

Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016

Number of meetings held: 19
Number of attendance:15
Attendance rate:79%</td><td>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)
Jun. 2015 Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. (current position)
Mar. 2016 External Director of MODEC, INC. (current position)
[Significant concurrent positions outside the Company]
Professor, the Graduate School of International Corporate Strategy, Hitotsubashi University
Outside Director of WOWOW INC.
Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD.
External Director of MODEC, INC.</td><td>0</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for Director]
Through ample experience of consulting services for Japanese and global companies and advanced research of international corporate strategy, Mr. Hiroshi Kanno has high level of expertise and the wealth of experience in the fields of management and corporate strategies. From October 2012, Mr. Kanno as an Outside Director has been providing advice regarding the Company’s management and appropriate supervision of business execution from an objective perspective, being independent of the management that executes the Company’s business, and accordingly Mr. Kanno is expected to further strengthen the function of the Company’s Board of Directors. Therefore, the Company proposes that he continue to be elected as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company</th><th>Number of shares of the Company owned</th></tr>
<tr><td rowspan="2">6
Re-elected
Outside
Independent</td><td rowspan="2">Hajime Sawabe
(January 9, 1942)

Attendance to the meetings of the Board of Directors in the fiscal year ended March 31, 2016

Number of meetings held: 13
Number of attendance:12
Attendance rate:92%</td><td>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)
Jun. 2015 Outside Director of the Company (current position)
Outside Director of EBARA CORPORATION (current position)
[Significant concurrent positions outside the Company]
Counsellor of TDK Corporation
Outside Director of TEIJIN LIMITED
Outside Audit & Supervisory Board Member of Nikkei Inc.
Outside Director of EBARA CORPORATION</td><td>0</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for Director]
Mr. Hajime Sawabe has the wealth of experience and achievements as an executive of a large company in the electronic components industry. From June 2015, Mr. Sawabe as an Outside Director has been providing advice regarding the Company’s management and appropriate supervision of business execution from an objective perspective, being independent of the management that executes the Company’s business. Since Mr. Sawabe is expected to further strengthen the function of the Company’s Board of Directors, the Company proposes that he continue to be elected as an Outside Director.</td></tr>
</table>

Notes:
1. The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 (trade name changed on March 30, 2012, from 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.
4. Messrs. Koichiro Taniyama, Katsuhiko Shirai, Hiroshi Kanno and Hajime Sawabe 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 4 years and 3 months, Mr. Shirai will have served for 4 years, Mr. Kanno will have served for 3 years and 8 months and Mr. Sawabe will have served for 1 year.
5. The Company has entered into an agreement with Mr. Koichiro Taniyama, Mr. Katsuhiko Shirai, Mr. Hiroshi Kanno and Mr. Hajime Sawabe to limit their liabilities of damages of Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The maximum amount of liabilities of damages under the said agreement is the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act. If their reelection is approved, the Company will continue the agreement with them.
6. The Company has designated Messrs. Katsuhiko Shirai, Hiroshi Kanno and Hajime Sawabe as independent officers pursuant to the regulations of the Tokyo Stock Exchange. If their reelection is approved, the Company will continue their designation as independent officers.

[Independence Standards for Independent Outside Directors]

The Company shall elect a person unlikely to cause conflicts of interest with general shareholders (specifically, a person who does not fall under the following requirements) as Independent Outside Director, from among persons satisfying the requirements for Outside Directors set forth in the Companies Act, who have been elected as Outside Directors.

a. A person whose major business partner is the Company or who executes its business
b. A major business partner of the Company or a person who executes its business
c. A consultant, accounting professional, or legal professional who receives considerable amount of money or other property from the Company in addition to his or her officer compensation
d. A person who fell under any of the above a, b, or c until recently
e. A relative within the second degree of kinship of a person listed in any of the following (i) through (iv)
   (i) A person listed in a through d above
   (ii) A person who executes business at a subsidiary of the Company
   (iii) A director of a subsidiary of the Company who does not execute business
   (iv) A person who fell under (ii) or (iii) or a person who executed business at the Company until recently

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

Company Auditor, Mr. Yukihiro Sato will resign at the conclusion of this General Meeting of Shareholders. Therefore, it is hereby requested that one (1) Company Auditor be newly elected.

The candidate will not be elected as a substitute for the Company Auditor who resigned, and his term of office as a newly elected Company Auditor shall continue until the conclusion of the Annual General Meeting of Shareholders held with respect to the last fiscal year ending within four (4) years after his/her election.

The Board of Company Auditors has consented to this proposal.

The candidate for Company Auditor is as follows:

Name (Date of birth)	Career summary, position at the Company and significant concurrent positions outside the Company		Number of shares of the Company owned
Takao Yasuda (December 25, 1953) Newly elected	Apr. 1987	Entered Pricewaterhouse Consulting, Co., Ltd.	2,000
	Apr. 1990	Joined Sony Corporation	
	Apr. 2000	General Manager of Business Administration Department, Corporate Planning Division of Sony Corporation	
	Jul. 2002	Director and General Manager of Planning and Control Department of Sony Energy Devices Corporation	
	Jul. 2005	Senior General Manager of Corporate Planning Division, Component Company of Sony Corporation	
	Dec. 2007	Director of Sony Mobile Display Corporation	
	Jul. 2009	Director and Senior General Manager of Planning and Control Division of Sony Mobile Display Corporation	
	Mar. 2012	Executive Officer and Chief Administrative Officer of the former Japan Display Inc.*	
	Nov. 2012	Chair of Compliance Committee of the former Japan Display Inc.*	
	Apr. 2013	Executive Officer and Chief Administrative Officer of the Company (current position) Chair of Compliance Committee (current position)	
	[Significant concurrent positions outside the Company] None		
	[Reason for nomination as a candidate for Company Auditor] Mr. Takao Yasuda has long been engaged in corporate planning and business administration and has wealth of business experience and the knowledge of finance and accounting, etc., as well as the knowledge of internal controls which was acquired through assuming the office of the Chair of the Compliance Committee. Therefore, the Company proposes that he should be elected as a Company Auditor.		

Notes: 1. The Japan Display Inc. that ceased to exist in the merger on April 1, 2013 (trade name changed on 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 the above candidate.

3. If the election of Mr. Takao Yasuda is approved, the Company will enter into an agreement with Mr. Yasuda to limit his liability for 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.

Proposal No. 3: Election of One (1) Substitute Company Auditor

To prepare for a contingency in which the Company does not satisfy the number of Company Auditors required by laws and regulations, it is hereby requested that one (1) substitute Outside Company Auditor be elected in advance, in order to fill a vacancy of Outside Company Auditor, for the purpose of ensuring the continuity in audit operations.

The Board of Company Auditors has consented to this proposal. If a substitute Outside Company Auditor assumes the office of Company Auditor, his or her term of office shall be the remaining term of office of the retired Company Auditor.

The candidate for substitute Company Auditor is as follows:

<table>
<tr><th>Name
(Date of birth)</th><th>Career summary, responsibilities at the Company
and significant concurrent positions outside the Company</th><th>Number of shares of
the Company owned</th></tr>
<tr><td rowspan="2">Keiichi Otsuka
(October 8, 1955)

Newly elected
Outside
Independent</td><td>Oct. 1978 Registered as an accountant
Nov. 1978 Entered Pricewaterhouse Accounting Office
Aug. 1982 Registered as a Certified Public Accountant
Jul. 1998 Representative Partner of Aoyama Audit Corporation
Sep. 2006 Representative Partner of Aarata Audit Corporation (now PricewaterhouseCoopers Aarata) (current position)
Member of Oversight Board, Chair of Risk & Quality (R & Q) Committee of Aarata Audit Corporation
[Significant concurrent positions outside the Company]
Representative Partner of PricewaterhouseCoopers Aarata</td><td>0</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for substitute Company Auditor]
Though Mr. Keiichi Otsuka has no direct experience of participating in corporate management, the Company believes that he will be able to audit the execution of duties by Directors from an objective and fair standpoint based on his wealth of experience and broad insight obtained through conducting accounting audits at many financial institutions and operating companies as a representative partner of audit corporations. Therefore, the Company proposes that he should be elected as a substitute Company Auditor.</td></tr>
</table>

Notes: 1. No conflict of interest exists between the Company and the above candidate.

2. If Mr. Keiichi Otsuka assumes the office of Company Auditor, the Company will enter into an agreement with Mr. Otsuka to limit his liability for 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.

3. Mr. Keiichi Otsuka 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 Mr. Otsuka assumes the office of Outside Company Auditor.

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 21, 2016, 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 20, 2016

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 20, 2016

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 20, 2016, 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 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, 2015 to March 31, 2016)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

i) Operating performance

During the fiscal year ended March 31, 2016, displays used in smartphones, our main products, continued to grow in the small and medium-sized display market, but the growth rate slowed down compared to before. However, against this background, a high growth rate was seen in high resolution displays, as demand from smartphone users to replace with higher resolution displays became apparent. Many new models with 5-inch or larger and Full-HD (with a resolution of 1,080 × 1,920 pixels) or higher resolution displays were launched by smartphone manufacturers, thereby expanding the needs for higher resolution low-temperature polycrystalline silicon (LTPS) displays in which the Company has strengths.

The JDI Group's sales of smartphone displays for US/Europe regions were strong, and full-term sales to China and other Asian regions expanded despite a decline in sales in the second half of the fiscal year. As a result, net sales for current year greatly surpassed the previous fiscal year.

The status by product application category is discussed below.

Mobile device category

This category includes displays for smartphones, tablets, and mobile phones. In the fiscal year ended March 31, 2016, net sales in the mobile business totaled ¥838,143 million (up 36.3% year on year), accounting for 84.7% of overall net sales.

Sales to US/Europe regions increased significantly during the fiscal year ended March 31, 2016. Sales to China increased for the full-term year on year, although orders decreased from the second half of the third fiscal quarter as the competitive environment grew harsher. Net sales in other regions were at the same level as the same period of the previous fiscal year.

During the fiscal year ended March 31, 2016, the Company saw expanded net sales of Pixel Eyes™, in-cell touch LCD modules embedded with the touch-panel functions in which the Company has strengths and smartphone market adopted more of in-cell touch LCD modules. At the JDI Group, we have further developed this Pixel Eyes™, and the Gen-2 Pixel Eyes™ with higher function have been shipped in full scale since the fourth fiscal quarter, thereby striving to recover shares in the high-end smartphone market.

Automotive electronics, C&I and other category

This category includes displays for automobiles, 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, 2016, net sales of the Automotive, C&I and other businesses totaled ¥150,971 million (down 2.1% year on year), accounting for 15.3% of overall net sales.

During current year, against the backdrop of robust automobile sales in Western Europe and the United States, sales of displays for automotive electronics exceeded the previous fiscal year. However, sales of displays for consumer products, such as digital cameras, decreased, resulting in a slight decline in net sales in the category compared to the previous fiscal year.

In this category, the Company developed well-designed curved displays for automobiles and launched standard modules of reflective-type LCDs that realize ultra-low power consumption, in order to develop new business fields going forward. In addition, the Company carried out activities to develop the world’s first* 17-inch class 8K LCD display.

* Research by the Company in September 2015

The JDI Group undertook management reforms, setting basic policies of “lowering the break-even point,” “achieving sound cash flows” and “reforming mindset,” under the new management structure from the second fiscal quarter. Particularly, measures such as improving the manufacturing yield, reducing manufacturing costs, shortening trade receivables collection period, strengthening and fostering awareness of profit/loss through organizational reforms were undertaken. As a result, we were able to improve operating income significantly.

In addition, the JDI Group decided on three pillars of structural reforms, “closure of certain domestic front-end manufacturing (small and medium-sized LCD panel manufacturing) lines,” “measures aiming for streamlining back-end manufacturing in China,” and “introduction of a support system for early retirement,” in order to strengthen future competitiveness. Although extraordinary losses were recorded as a result of implementing the structural reforms, it became possible to cut fixed costs and improve efficiency in using management resources going forward, thereby creating an environment for investment in future product development and new technology.

As a result of the above, the JDI Group’s net sales in the fiscal year ended March 31, 2016 were ¥989,115 million (up 28.6% year on year). Operating income was ¥16,710 million (up 224.7% year on year) as a result of an increase in gross profit as net sales increased and other reasons. With regard to ordinary income, the Company recorded ordinary loss of ¥12,934 million (ordinary income of ¥1,864 million for the same period last year). This was mainly due to a sharp shift toward yen appreciation in the dollar-yen exchange rate particularly in the second half of the fiscal year, in addition to foreign exchange losses of ¥21,911 million arising from foreign exchange losses at the time of repayment of some long-term liabilities that occurred during periods of extreme yen appreciation in the past, reflected in non-operating expenses. Furthermore, loss attributable to owners of parent for this fiscal year amounted to ¥31,840 million (loss attributable to owners of parent for the same period last year was ¥12,270 million). This was mainly due to the occurrence of ¥1,101 million in impairment loss regarding manufacturing facilities at a subsidiary and ¥13,933 million in business structure improvement expenses recorded as extraordinary losses.

ii) Capital investments

The JDI Group’s total capital investments during the fiscal year ended March 31, 2016, was ¥179,750 million, including the ¥121,346 million investment in the new G6 LCD panel production line in Hakusan City, Ishikawa Prefecture; the ¥2,848 million investment in production facilities at the Ishikawa Plant, the ¥2,788 million investment in production facilities at the Mobara Plant, and the ¥6,484 million investment in production facilities of back-end manufacturing lines overseas.

iii) Financing

For the purpose of financing working capital in an efficient and stable manner, the Company has entered into contracts for commitment lines aggregating ¥60,000 million with major financial institutions.

(2) Financial position and profit/loss

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

	11th fiscal year	12th fiscal year	13th fiscal year	14th fiscal year (Current year)
	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015	From April 1, 2015 to March 31, 2016
Net sales (Millions of yen)	165,144	614,567	769,304	989,115
Operating income (Millions of yen)	10,106	27,624	5,147	16,710
Ordinary income (loss) (Millions of yen)	8,549	19,072	1,864	(12,934)
Profit (loss) attributable to owners of parent (Millions of yen)	3,555	33,918	(12,270)	(31,840)
Net income (loss) per share (Yen)	29.61	135.09	(20.42)	(52.94)
Total assets (Millions of yen)	115,034	758,975	831,622	813,861
Net assets (Millions of yen)	(3,481)	405,144	402,626	365,249
Net assets per share (Yen)	(29.93)	673.28	666.92	603.83

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 11th fiscal year 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. Financial results for the 11th fiscal year are the consolidated financial results of the pre-merger Japan Display East, not the results of former the Company.

3. The JDI Group adopted “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan [ASBJ] Statement No. 21, published September 13, 2013) and other standards. Accordingly, “net income” has been changed to “profit attributable to owners of parent” from the fiscal year ended March 31, 2016.

ii) Financial position and profit/loss of the Company

	11th fiscal year	12th fiscal year	13th fiscal year	14th fiscal year (Current year)
	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015	From April 1, 2015 to March 31, 2016
Net sales (Millions of yen)	108,907	590,880	750,983	991,739
Operating income (loss) (Millions of yen)	4,236	13,913	(7,563)	12,487
Ordinary income (loss) (Millions of yen)	4,642	7,565	(5,023)	473
Net income (loss) (Millions of yen)	(6,624)	30,395	(14,238)	(9,690)
Net income (loss) per share (Yen)	(55.16)	121.06	(23.69)	(16.11)
Total assets (Millions of yen)	80,512	704,890	773,807	783,357
Net assets (Millions of yen)	(30,949)	352,401	336,687	327,087
Net assets per share (Yen)	(257.70)	586.57	559.98	543.83

Note: Financial results for the 11th fiscal year are the financial results of the pre-merger Japan Display East, not the results of former the Company.

(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

iii) Specified wholly owned subsidiaries at the end of the fiscal year

Not applicable.

(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) The JDI Group's Perception of the Status Quo

The 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 that surpass its customers' requirements and secure production capabilities, and invested directed capital expenditure, etc. into ongoing R&D activities and production lines that enhance such capabilities. On the other hand, in the small- to medium-sized display industry where the JDI Group belongs, particularly in the product market for smartphones, the mainstay business of the JDI Group, the competitive environment has become more severe due to Korean manufacturers' aggressive marketing for OLED displays, as well as improvements in display resolution and establishment of new G6 LTPS plants by competitors in China and Taiwan. In addition, the volatility of quarterly earnings is significant due to large seasonal changes in demand in the smartphone display market.

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

i) Response to the Intensification of Competition in the Smartphone Market

In response to the intensification of competition in the smartphone market, the JDI Group will offer products that have competitive advantage using our advanced technology based on LTPS, the

JDI Group's strength, to customers ahead of the competitive companies. Particularly, we will achieve higher touch sensitivity and lower power consumption for Pixel Eyes™ to realize a more comfortable stylus pen operability and multi-touch functionality while improving designability. In addition, we will promptly launch Hi-Reso display (provisional) that use new technology featuring high-resolution and low power consumption and reduced cost. Moreover, we will accelerate the development of XO displays (provisional), LCDs that dramatically broaden design freedom, and make proposals that anticipate customers' expectations by further advancing LCDs.

ii) Enhancement of Cost Competitiveness by Operating the Hakusan Plant (G6 Production Line)

The JDI Group will start its production at the new G6 LCD plant established in Hakusan City, Ishikawa Prefecture in fiscal year 2016 to keep up with expanding market demand for cutting-edge small- to medium-sized displays. By increasing the ratio of the G6 production line in the total production capability, we will further strengthen cost competitiveness.

iii) Investment in Research and Development

In the small- to medium-sized display market, in order to continue to respond to the needs of the evolving market, it has become absolutely necessary to upgrade 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 continuously develops LTPS LCD technologies in which it has strengths and pursues innovative technologies that can create a paradigm shift. We will achieve both lower power consumption and high designability with Advanced-LTPS. Furthermore, the JDI Group will accelerate development of high resolution, low power consumption OLED displays that differ from existing OLED technology, with the aim of achieving early mass production of thin, light and flexible displays.

iv) Further Enhancement of Cost Competitiveness

The JDI Group aims to transform to a business structure that can secure profits without being affected by the business environment. Since the formation of the new management structure in July last year, we have implemented management reform as the first phase of the company reform project, including measures to lower break-even point, achieve sound cash flows and improve all employee's awareness, aiming at creating a stable revenue foundation. Through these efforts, break-even fab utilization rates have improved from 89.5% in the first quarter to 64.5% in the fourth quarter, bringing an effect of ¥29.5 billion as a result of the reforms for fiscal year 2015. However, we recorded a net loss in current year due to a drastic decline in sales under the influence of customers' inventory reduction in the fourth quarter, despite making efforts to the end. We will continue the management reform project into fiscal year 2016, and the management team will take the lead to promote thorough elimination of unreasonableness and waste.

As announced on March 16, 2016, we are promoting cost competitiveness of our products and enhancing profitability in an increasingly competitive environment by reducing fixed costs through structural reforms and increasing resource efficiency, as the second phase of the company reform project. We closed part of the Higashiura Plant (G3.5: 600 mm × 720 mm), which had a low operating rate and lacked competitive strength. We will also close the Mobara Plant V3 (G4.5: 730 mm × 920 mm) line.

v) Business Structure Reforms

Moreover, we are actively promoting business structural reforms, the third phase of the management reform project, and aiming to achieve the production ratio of non-mobile business of 50% in the medium term to build a stable revenue foundation. Specifically, we will strengthen the automotive display business, expand the medium-sized display business such as for 2-in-1 note PCs, and accelerate expansion of reflective LCD business. For smartphones, we are quickly bringing displays that have competitive advantage using the JDI Group's technological strength to the market and accelerating our actions toward the early mass production of OLED display devices.

(5) Main business (As of March 31, 2016)

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, 2016)

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, 2016)

Employees of the corporate group

Number of employees	Increase (decrease) from the previous fiscal year-end
15,722	Decrease of 829

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

(8) Major lenders (As of March 31, 2016)

Lenders	Outstanding borrowing (Millions of yen)
Hitachi, Ltd.	6,985
TOSHIBA CORPORATION	1,558

2. Status of the Company

(1) Shares (As of March 31, 2016)

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

ii) Total number of outstanding shares: 601,411,900 shares

Note: The total number of outstanding shares increased 24,000 shares due to exercise of stock options.

iii) Number of shareholders: 69,268

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	40,944,700	6.8
Japan Trustee Services Bank, Ltd. (Trust Account)	12,265,600	2.0
MSCO CUSTOMER SECURITIES	11,675,530	1.9
Sony Corporation	10,700,000	1.8
TOSHIBA CORPORATION	10,700,000	1.8
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,693,485	1.4
The Master Trust Bank of Japan, Ltd. (Trust account)	8,540,900	1.4
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	7,154,273	1.2
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,424,500	1.1

(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		81,530	12,980
Class and number of shares underlying stock acquisition rights		Common stock 8,153,000 shares (100 shares per unit)	Common stock 1,298,000 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: 2,160 Number of shares underlying stock acquisition rights: 216,000 Number of holders: 1	Number of stock acquisition rights: 840 Number of shares underlying stock acquisition rights: 84,000 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: 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."

(*) 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		25,660	340
Class and number of shares underlying stock acquisition rights		Common stock 2,566,000 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.

		8th stock option
Resolution date of issuance		June 23, 2015
Number of stock acquisition rights		5,000
Class and number of shares underlying stock acquisition rights		Common stock 500,000 shares (100 shares per unit)
Amount to be paid in 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		¥54,200 per unit (¥542 per share)
Exercise period		From June 24, 2017 to June 23, 2025
Conditions for exercising stock acquisition rights		Note 3
Stock acquisition rights held by Officers	Directors (excluding Outside Directors)	Number of stock acquisition rights: 5,000 Number of shares underlying stock acquisition rights: 500,000 Number of holders: 1
	Outside Directors	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0
	Company Auditors	Number of stock acquisition rights: 0 Number of shares underlying stock acquisition rights: 0 Number of holders: 0

Note 3: 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

<table>
<tr><td colspan="2"></td><td>9th stock option</td></tr>
<tr><td colspan="2">Resolution date of issuance</td><td>September 16, 2015</td></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>2,080</td></tr>
<tr><td colspan="2">Class and number of shares underlying stock acquisition rights</td><td>Common stock 208,000 shares
(100 shares per unit)</td></tr>
<tr><td colspan="2">Amount to be paid in for stock acquisition rights</td><td>No payment is required for stock acquisition rights.</td></tr>
<tr><td colspan="2">Value of the property to be contributed when stock acquisition rights are exercised</td><td>¥46,800 per unit
(¥468 per share)</td></tr>
<tr><td colspan="2">Exercise period</td><td>From September 17, 2017
to September 16, 2025</td></tr>
<tr><td colspan="2">Conditions for exercising stock acquisition rights</td><td>Note</td></tr>
<tr><td rowspan="2">Stock acquisition rights held by employees, etc.</td><td>The Company’s employees (excluding the Company’s officers)</td><td>Number of stock acquisition rights: 2,080
Number of shares underlying stock acquisition rights: 208,000
Number of holders: 2</td></tr>
<tr><td>Officers and employees of the Company’s subsidiaries (excluding the Company’s officers and employees)</td><td>Number of stock acquisition rights: 0
Number of shares underlying stock acquisition rights: 0
Number of holders: 0</td></tr>
</table>

Note: 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.

(3) Corporate Officers

i) Directors and Company Auditors (As of March 31, 2016)

Title at the Company	Name	Responsibilities at the Company and significant concurrent positions outside the Company
Chairman and Representative Director	Mitsuru Homma	Chief Executive Officer
Representative Director and President	Shuji Aruga	Chief Operating Officer
Director	Koichiro Taniyama	Executive Managing Director of Innovation Network Corporation of Japan (INCJ); Director, JOLED Inc.
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. Outside Audit & Supervisory Board Member, STANLEY ELECTRIC CO., LTD. External Director, MODEC, Inc.
Director	Hajime Sawabe	Adviser, TDK Corporation Outside Director, TEIJIN LIMITED Outside Auditor, Nikkei Inc. Outside Director, EBARA CORPORATION
Standing Company Auditor	Kazuo Kawasaki	
Standing Company Auditor	Yukihiro Sato	
Company Auditor	Youichi Etou	Partner of Integral Law Office; Attorney at law; Outside Company Director, NICHIAS Corporation
Company Auditor	Toshiaki Kawashima	Head of Kawashima CPA Office; Outside Statutory Auditor, Citibank Japan Ltd.

Notes:
1. Directors Koichiro Taniyama, Katsuhiko Shirai, Hiroshi Kanno and Hajime Sawabe 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 Katsuhiko Shirai, Hiroshi Kanno and Hajime Sawabe, 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. Messrs. Mitsuru Homma and Hajime Sawabe were newly appointed and inaugurated as Directors at the 13th Annual General Meeting of Shareholders held on June 23, 2015.
6. Director Shuichi Otsuka retired upon the expiration of his term as of the conclusion of the 13th Annual General Meeting of Shareholders held on June 23, 2015.
7. Director Mitsuru Homma was inaugurated as Chairman and Representative Director and Chief Executive Officer on June 23, 2015. In addition, Director Shuji Aruga was inaugurated as Representative Director and President and Chief Operating Officer on June 23, 2015.

ii) Overview of limited liability agreements

The Company has entered into an agreement with each of the Directors (excluding Directors who are Executive Directors, etc.) and 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 each of the Directors (excluding Directors who are Executive Directors, etc.) and Company Auditors 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 Director or Outside Company Auditor shall be the minimum liability amount pursuant to Article 425, paragraph 1 of the Companies Act.

iii) 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)	6 (3)	129 (31)
Company Auditors (Of the above, Outside Company Auditors)	4 (2)	52 (10)

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. The number of directors above includes the Company’s one director who retired at the conclusion of the 13th Annual General Meeting of Shareholders held on June 23, 2015 and does not include the Company’s one unpaid director.

5. The above amount of remuneration, etc. includes the amount recorded as expenses during current year (¥14 million for Directors) pertaining to stock acquisition rights granted as stock options.

iv) 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. The Company 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, Outside Director of WOWOW INC., Outside Audit & Supervisory Board Member, STANLEY ELECTRIC CO., LTD., and External Director, MODEC, Inc. There are no special relationships between the Company and these entities.
- Director Hajime Sawabe is an Adviser, TDK Corporation, Outside Director, TEIJIN LIMITED, Outside Auditor, Nikkei Inc., and Outside Director, EBARA CORPORATION. The Company purchases electronic components for prototyping from TDK Corporation. However, the amount thereof accounts for a very small portion of the total procurement.

- Company Auditor Youichi Etou is Partner Lawyer of Integral Law Office and Outside Company Director 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 19 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.
Katsuhiko Shirai, Director	Attended 18 of the 19 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 15 of the 19 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.
Hajime Sawabe Director	Attended 12 of the 13 meetings of the Board of Directors that were held after he was inaugurated as Director. Provided advice and proposals regarding the Company's management based on his wealth of experience as an executive of large companies.
Youichi Etou, Company Auditor	Attended all 19 meetings of the Board of Directors and all 16 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 19 meetings of the Board of Directors and all 16 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 was one written resolution 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 the Company's Articles of Incorporation.

(4) Independent Auditor

i) Name: KPMG AZSA LLC

ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (Millions of yen)
Amount of remuneration, etc. of the Independent Auditor for the fiscal year ended March 31, 2016	101
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to the Independent Auditor	121

Notes: 1. Based on the "Practical Guidelines regarding Cooperation with Independent Auditors," published by the Japan Audit & Supervisory Board Members Association, the Board of Company Auditors has reviewed the audit plan and the appropriateness of the amount of remuneration for this fiscal year, taking into consideration the actual amount of time spent on auditing for each audit item and the status of execution of duties by the Independent Auditor in the past year, and consequently has given consent to the remuneration of the Independent Auditor in accordance with Article 399, paragraph 1 of the Companies Act.

2. 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 current year indicates the total of these two kinds of amounts.

3. Among the important subsidiaries of the Company, JDI Hong Kong Limited and Taiwan Display Inc. are audited by certified public accountants or auditing firms other than the Independent Auditor of the Company.

iii) Non-auditing services

The Company outsources "advisory services pertaining to International Financial Reporting Standards (IFRS)," etc., which are services other than those specified in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services), to the Independent Auditor, and pays for those services.

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.

(5) System to ensure the proper business

System to ensure the proper business

The Company has established the "Fundamental Policy for Compliance" to ensure that the execution of duties by Directors complies with laws and regulations as well as the articles of incorporation. The contents thereof are as follows:

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 the Company 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 regularly audits the status of compliance in the Company departments, and provides reports to Executive Directors 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 and Reward 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 the Company 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 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 the Company as officers of subsidiaries, and the appointed officers shall understand the status of the execution of duties at such subsidiaries. The Company 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 the Company, pursuant to internal rules prescribing the decision-making authority of the Company entities including subsidiaries as set forth by the Company and the rules of the Board of Directors.
- The Company shall demand that each subsidiary establish necessary and relevant rules in keeping with the Company'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 Executive Directors 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, the Company 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.

Overview of the operation status of the system to ensure the proper business

The Company works to improve the system set forth in the “Fundamental Policy for Compliance” The overview of the operation status of the system for current year is as follows:

i) Matters relating to the compliance system

- The Company has formulated the “Basic Compliance Rules” and compliance-related rules and established the Compliance Committee chaired by an Executive Officer in charge of compliance. Through the meetings held twice a year, in principle, the Company carries out deliberations on compliance action policies and reviews the matters relating to compliance, such as the planning and implementation status of compliance education and training to be conducted by each department, and the status of the use of whistle-blower information offices.
- The Internal Audit Department regularly conducts audits mainly on the effectiveness of compliance and internal controls in the Company and its subsidiaries and reports to Executive Directors the status of audits every two months, in principle, while contacting Standing Company Auditors every month, in principle, to maintain cooperation with them.

ii) Matters relating to the execution of duties by the Directors

- A meeting of the Board of Directors is convened once a month, in principle, and a Management Committee composed of Executive Officers appointed by the Board of Directors is convened once a week, in principle, where important management matters are discussed and decided promptly in accordance with relevant rules.
- When formulating a business plan, the Company incorporates an activity plan to mitigate risks that may affect its business activities, and decision-making bodies, such as the Board of Directors and Management Committee, discuss and decide important matters relating to management including risk assessment.
- Important documents such as materials for the meetings of the Board of Directors are stored and managed appropriately in accordance with the Document Reservation Rules, and a system environment is developed to ensure the convenience of viewing materials, such as management information, and to strengthen confidential information management.

iii) Matters relating to the group management system

- The Company requires subsidiaries to adopt and implement rules, which the JDI Group should comply with, among the Company’s compliance-related rules.
- The Company undertakes measures to maintain and enhance the soundness of the JDI Group’s overall management: important management matters of subsidiaries shall be implemented, subject to the approval of the Company, pursuant to the Rules on Decision Authority and the Operating Rules for Associates stipulated by the Company; Officers of subsidiaries who have been dispatched from the Company shall report to the Company the status of the business execution of respective subsidiaries; and other similar measures.

iv) Matters relating to the execution of duties by the Company Auditors

- Company Auditors perform activities pursuant to the audit plan formulated by the Board of Company Auditors: attending important meetings including the meetings of the Board of Directors, Management Committee, and Compliance Committee; regularly interviewing Directors, interviewing Executive Officers, subsidiaries’ president, and other persons as well as conducting visiting audits at local sites on a timely basis; maintaining regular communications with the Internal Audit Department and Independent Auditors; and other relevant activities. Through these activities, Company Auditors endeavor to ascertain the performance status of the duties of Directors and Executive Officers and ensure the effectiveness of audit work.
- The Company appoints an employee(s) who supports the duties of Company Auditors to ensure the smooth execution of their audit work and makes the payment of expenses arising from the execution of the work.

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

The Company considers the return of profits to shareholders to be one of its important management issues. For current year (the fiscal year ended March 31, 2016), the Company had intended to distribute a dividend by improving free cash flows. However, in view of circumstances such as the posting of a net loss and the deterioration of financial results more than expected in the fourth quarter, the Company has regretfully taken the decision to not pay a dividend.

In the next fiscal year (the fiscal year ending March 31, 2017), the Company intends to pay a fiscal year-end dividend if our efforts to improve profits generate net income. The Company will separately provide notification of the dividend amount in accordance with progress in its business results going forward. In addition, for its medium-term target for 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, 2016

(Millions of yen)

Item	Amount
Assets	
Current assets	**322,822**
Cash and deposits	55,077
Accounts receivable - trade	80,688
Accounts receivable - other	57,127
Merchandise and finished goods	54,176
Work in process	41,090
Raw materials and supplies	18,861
Deferred tax assets	7,251
Other	8,731
Allowance for doubtful accounts	(182)
Non-current assets	**491,039**
Property, plant and equipment	**436,784**
Buildings and structures	78,560
Machinery, equipment and vehicles	90,455
Land	14,482
Leased assets	73,063
Construction in progress	167,642
Other	12,580
Intangible assets	**29,664**
Goodwill	19,000
Other	10,664
Investments and other assets	**24,590**
Deferred tax assets	17,884
Other	8,898
Allowance for doubtful accounts	(2,192)
Total assets	**813,861**

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

Item	Amount
Liabilities	
Current liabilities	**382,671**
Accounts payable - trade	138,053
Current portion of long-term loans payable	8,543
Lease obligations	35,740
Accounts payable - other	48,563
Income taxes payable	1,255
Provision for bonuses	5,105
Advances received	131,913
Other	13,496
Non-current liabilities	**65,940**
Long-term loans payable	138
Lease obligations	32,904
Net defined benefit liability	32,058
Other	838
Total liabilities	**448,612**
Net assets	
Shareholders' equity	**357,283**
Capital stock	**96,863**
Capital surplus	**257,040**
Retained earnings	**3,379**
Accumulated other comprehensive income	**5,865**
Foreign currency translation adjustment	**13,126**
Remeasurements of defined benefit plans	**(7,260)**
Stock acquisition rights	**18**
Non-controlling interests	**2,082**
Total net assets	**365,249**
Total liabilities and net assets	**813,861**

Consolidated statement of income

From April 1, 2015
to March 31, 2016

(Millions of yen)

Item	Amount
Net sales	**989,115**
Cost of sales	**912,275**
Gross profit	**76,839**
Selling, general and administrative expenses	**60,129**
Operating income	**16,710**
Non-operating income	**7,573**
Interest income	119
Subsidy income	5,026
Rent income	516
Obligations consignment fee	723
Other	1,187
Non-operating expenses	**37,218**
Interest expenses	2,385
Foreign exchange losses	21,911
Loss on reduction of non-current assets	3,507
Depreciation	3,901
Other	5,512
Ordinary income (loss)	**(12,934)**
Extraordinary losses	**15,034**
Impairment loss	1,101
Business structure improvement expenses	13,933
Income (loss) before income taxes	**(27,969)**
Income taxes – current	5,519
Income taxes – deferred	(2,127)
Net income (loss)	**(31,361)**
Profit attributable to non-controlling interests	479
Profit (loss) attributable to owners of parent	**(31,840)**

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

Consolidated statement of changes in equity

From April 1, 2015
to March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	96,857	257,044	35,220	(70)	389,051
Changes of items during period					
Issuance of new shares	6	6			12
Profit (loss) attributable to owners of parent			(31,840)		(31,840)
Disposal of treasury shares		(10)		70	60
Net changes of items other than shareholders' equity					-
Total changes of items during period	6	(4)	(31,840)	70	(31,768)
Balance at end of current period	96,863	257,040	3,379	-	357,283

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling 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	19,838	(7,907)	11,930	-	1,643	402,626
Changes of items during period						
Issuance of new shares						12
Profit (loss) attributable to owners of parent						(31,840)
Disposal of treasury shares						60
Net changes of items other than shareholders' equity	(6,711)	646	(6,065)	18	438	(5,608)
Total changes of items during period	(6,711)	646	(6,065)	18	438	(37,376)
Balance at end of current period	13,126	(7,260)	5,865	18	2,082	365,249

(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

Not applicable.

(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., KOE Europe Ltd., and Taiwan Display Inc. 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. However, non-deductible national consumption tax, etc. on assets are included in the expenses for the fiscal year ended March 31, 2016.

2. Changes in accounting policy

Application of accounting standards for business combinations

From current year, the Company applied the "Accounting Standard for Business Combinations" (ASBJ Statement No.21 dated September 13, 2013; hereinafter referred to as the "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 dated September 13, 2013; hereinafter referred to as the "Consolidated Financial Statements Accounting Standard"), and the "Accounting Standard for Business Divestitures (ASBJ Statement No.7 dated September 13, 2013; hereinafter referred to as the "Business Divestitures Accounting Standard"). Accordingly, the accounting method has been changed to record the difference associated with changes in the Company's ownership interest in subsidiaries over which the Company continues to have control 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 current year, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the fiscal year containing the effective date of the business combinations. Furthermore, the change in presentation of net income, etc. and the change in presentation from minority interests to non-controlling interests have been implemented.

The Company has adopted the Business Combinations Accounting Standard and others prospectively from the beginning of current year, in accordance with the transitional treatment set forth in Paragraph 58-2(4) of the Business Combinations Accounting Standard, Paragraph 44-5(4) of the Consolidated Financial Statements Accounting Standard, and Paragraph 57-4(4) of the Business Divestitures Accounting Standard.

Consequently, this change has no impact on profit and loss.

3. Changes in presentation method

(Consolidated balance sheet)

"Deferred tax assets" (¥6,383 million in the previous fiscal year), which was included in "other" under investments and other assets in the previous fiscal year, and "accounts payable – other"

(¥29,720 million in the previous fiscal year), which was included in “other” under current liabilities in the previous fiscal year, are stated as independent items with effect from current year because their significance has increased.

(Consolidated statement of income)

“Depreciation” (¥292 million in the previous fiscal year), which was included in “other” under non-operating expenses, is stated as an independent item with effect from current year because its significance has increased.

“Loss on retirement of non-current assets” (¥857 million in current year), which was stated as an independent item under non-operating expenses in the previous fiscal year, is included in “other” under non-operating expenses in current year because its amount became insignificant.

4. Notes to the consolidated balance sheet

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

i) Assets pledged as collateral are as follows:

	(Millions of yen)
Buildings and structures	41,326
Machinery, equipment and vehicles	12,121
Land	4,759
Construction in progress	121,440
Other	16
Total	179,664

ii) Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	120,296

(2) Accumulated depreciation for property, plant and equipment: ¥512,665 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	60,000
Balance of borrowings outstanding	–
Balance	60,000

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

(As of March 31, 2016)	(Millions of yen)
Property, plant and equipment	
Buildings and structures	81
Machinery, equipment and vehicles	14,969
Other	332
Intangible assets	
Other	49
Total	15,434

5. Notes to the consolidated statement of income

(1) The ending inventory balance represents the value after devaluation of book value according to a decrease in profitability, and gain on reversal of ¥5,421 million is included in cost of sales and business structure improvement expense.

(2) Subsidy income

Mainly represents a subsidy received from the Ministry of Economy, Trade and Industry for promoting investments in cutting-edge equipment in conjunction with the research and development of next-generation small- to medium-sized displays.

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

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

(4) Business structure improvement expense

The breakdown of business structure improvement expense is as follows.

	(Millions of yen)
Loss on impairment of non-current assets (note)	6,231
Loss on valuation of inventories	3,530
Loss on disposal of inventories	1,722
Production transfer expenses	1,409
Expenses related to early retirement assistance program	1,040
Total	13,933

(Note) Details of loss on impairment of non-current assets included in business structure improvement expense are provided in (5) Loss on impairment.

(5) Loss on impairment

The JDI Group booked loss on impairment for the following assets.

<table>
<tr><th>Use</th><th>Type</th><th>Location</th><th>Loss on impairment (Million yen)</th><th>Classification</th></tr>
<tr><td rowspan="2">Domestic front-end manufacturing (manufacturing of small- to medium-sized displays) lines</td><td>Machinery, equipment, and vehicles, leased assets, construction in progress, other property, plant and equipment, other intangible assets</td><td>Mobara Plant Mobara-shi, Chiba</td><td>1,512</td><td>Business structure improvement expense</td></tr>
<tr><td>Machinery, equipment, and vehicles, leased assets, construction in progress</td><td>Higashiura Plant Higashiura-cho, Chita-gun, Aichi</td><td>1,426</td><td>Business structure improvement expense</td></tr>
<tr><td rowspan="2">Overseas back-end manufacturing lines</td><td>Buildings and structures, machinery, equipment, and vehicles, other property, plant and equipment</td><td>Zhuhai, Guangdong Province, China</td><td>3,292</td><td>Business structure improvement expense</td></tr>
<tr><td>Machinery, equipment, and vehicles, other property, plant and equipment</td><td>Suzhou, Jiangsu Province, China</td><td>1,101</td><td>Loss on impairment</td></tr>
<tr><td colspan="3">Total</td><td>7,333</td><td></td></tr>
</table>

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

The Company operates, at its four manufacturing bases in Japan, LCD panel manufacturing lines for LCD panels ranging from the relatively small G3.5 glass substrate (glass size: 600 mm x 720 mm) to the world’s largest G6 glass substrate (glass size: 1,500 mm x 1,850 mm) to which the LTPS (low-temperature polycrystalline silicon) technology is adapted. However, recently the Company has decided to eliminate older generation manufacturing lines, except land and buildings, which have less cost competitiveness. As a result, the Company decreased the book value of the asset group related to domestic front-end manufacturing (manufacturing of small- to medium-sized displays) lines to a recoverable value, and booked the decrease of ¥2,536 million (mainly machinery, equipment, and vehicles of ¥925 million and leased assets of ¥1,295 million) and a clearance expense of ¥403 million as an extraordinary loss. To streamline the back-end manufacturing in China, the Company is considering the consolidation and elimination of some of the manufacturing subsidiaries located in China, including the sale thereof. However, the Company recognized loss on impairment for manufacturing lines where low capacity utilization is still continuing. Accordingly, the Company decreased the book value of the asset group related to overseas back-end manufacturing lines to a recoverable value, and booked the decrease of ¥4,394 million (mainly machinery, equipment, and vehicles of ¥2,911 million and other property, plant and equipment of ¥867 million) as an extraordinary loss.

With regard to domestic front-end manufacturing (manufacturing of small- to medium-sized displays) lines, the recoverable value is measured with value in use, and the discount rate was not factored into consideration because the period until retirement is short and the monetary impact is insignificant. With regard to overseas back-end manufacturing lines, the recoverable value is measured with net selling price and assessed at the estimated disposal price less estimated disposal costs.

6. Notes to the consolidated statement of changes in equity

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

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	24,000 shares	–	601,411,900 shares

(Note) The number of common stock increased by 24,000 shares due to the issuance of new shares upon exercise of stock acquisition rights as stock options.

(2) Number of shares underlying stock acquisition rights issued by the Company at the end of the fiscal year:

Common stock: 13,714,000 shares

(3) 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	140,600 shares	–	140,600 shares	–

(Note) The number of treasury shares decreased by 140,600 shares because these treasury shares were sold by “the trust exclusively for Japan Display shareholding association” to the employee shareholding association.

7. Notes on financial instruments

(1) Status of financial instruments

i) Policy for financial instruments

The Group’s fund management is limited to short-term deposits. The financing is implemented through borrowings from 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.

Derivative transactions are forward exchange contracts conducted for the purpose of hedging risks of fluctuations in foreign currency exchange rates associated with receivables and payables denominated in foreign currency.

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, 2016, are as shown below.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	55,077	55,077	–
(2) Accounts receivable - trade	80,688		
Allowance for doubtful accounts (*1)	(182)		
	80,505	80,505	–
(3) Accounts receivable - other	57,127	57,127	–
Total assets	192,710	192,710	–
(1) Accounts payable - trade	138,053	138,053	–
(2) Accounts payable - other	48,563	48,563	–
(3) Long-term loans payable (including current portion)	8,681	8,682	1
(4) Lease obligations (Current liabilities, non-current liabilities)	68,645	68,675	29
Total liabilities	263,944	263,974	30
Derivative transactions (*2)	(1,136)	(1,136)	–

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

(*2) Receivables and payables resulting from derivative transactions are presented in net amounts, and for items that total to be net payables, their amounts are shown in parentheses.

Note: Measurement methods for fair values of financial instruments

Assets

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

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

Liabilities

(1) Accounts payable – trade, (2) Accounts payable – other

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.

(3) 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.

(4) 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.

Derivative transactions

The fair value of derivatives is calculated based on prices presented by financial institutions with a business relationship with the Company.

8. Notes on investment and rental properties

Omitted because of immateriality.

9. Per share information

(1) Net assets per share	¥603.83
(2) Net income (loss) per share	¥(52.94)

10. Notes on significant subsequent events

Not applicable.

Non-consolidated Financial Statements

Non-consolidated balance sheet

As of March 31, 2016

(Millions of yen)

Item	Amount
Assets	
Current assets	**331,638**
Cash and deposits	18,441
Accounts receivable - trade	159,531
Accounts receivable - other	87,103
Merchandise and finished goods	8,994
Work in process	29,625
Raw materials and supplies	13,893
Prepaid expenses	5,290
Deferred tax assets	6,182
Short-term loans receivable from subsidiaries and associates	442
Other	2,138
Allowance for doubtful accounts	(4)
Non-current assets	**451,719**
Property, plant and equipment	**399,701**
Buildings	66,970
Structures	4,453
Machinery and equipment	73,282
Vehicles	38
Tools, furniture and fixtures	9,808
Land	8,080
Leased assets	73,062
Construction in progress	164,005
Intangible assets	**13,416**
Goodwill	4,689
Patent right	2,334
Leasehold right	7
Software	3,793
Other	2,591
Investments and other assets	**38,601**
Investment securities	50
Shares of subsidiaries and associates	6,109
Investments in capital of subsidiaries and associates	15,291
Long-term loans receivable	9
Long-term prepaid expenses	823
Deferred tax assets	15,899
Other	420
Allowance for doubtful accounts	(3)
Total assets	**783,357**

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

Item	Amount
Liabilities	
Current liabilities	**402,590**
Accounts payable - trade	164,823
Current portion of long-term loans payable	8,543
Lease obligations	35,740
Accounts payable - other	45,364
Accrued expenses	7,701
Income taxes payable	503
Provision for bonuses	4,438
Advances received	131,412
Unearned revenue	116
Other	3,946
Non-current liabilities	**53,680**
Lease obligations	32,904
Provision for retirement benefits	19,953
Other	822
Total liabilities	**456,270**
Net assets	
Shareholders' equity	**327,068**
Capital stock	**96,863**
Capital surplus	**239,896**
Legal capital surplus	123,847
Other capital surplus	116,049
Retained earnings	**(9,690)**
Other retained earnings	(9,690)
Retained earnings brought forward	(9,690)
Stock acquisition rights	**18**
Total net assets	**327,087**
Total liabilities and net assets	**783,357**

Non-consolidated statement of income

From April 1, 2015
to March 31, 2016

(Millions of yen)

Item	Amount
Net sales	**991,739**
Cost of sales	**935,768**
Gross profit	**55,971**
Selling, general and administrative expenses	**43,483**
Operating income	**12,487**
Non-operating income	**23,550**
Interest income	11
Dividend income	16,518
Subsidy income	5,026
Rent income	470
Obligations consignment fee	723
Other	799
Non-operating expenses	**35,564**
Interest expenses	2,365
Foreign exchange losses	22,167
Depreciation	3,822
Other	7,209
Ordinary income	**473**
Extraordinary losses	**10,133**
Business structure improvement expenses	10,133
Income (loss) before income taxes	**(9,660)**
Income taxes - current	2,222
Income taxes - deferred	(2,191)
Net income (loss)	**(9,690)**

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

Non-consolidated statement of changes in equity

From April 1, 2015
to March 31, 2016

(Millions of yen)

	Shareholders' equity			
		Capital surplus		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses
Balance at beginning of current period	96,857	123,841	230,086	353,927
Changes of items during period				
Issuance of new shares	6	6		6
Net income (loss)				
Disposal of treasury shares			(10)	(10)
Deficit disposition			(114,027)	(114,027)
Net changes of items other than shareholders' equity				
Total changes of items during period	6	6	(114,037)	(114,031)
Balance at end of current period	96,863	123,847	116,049	239,896

	Shareholders' equity				Stock acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at beginning of current period	(114,027)	(114,027)	(70)	336,687	-	336,687
Changes of items during period						
Issuance of new shares				12		12
Net income (loss)	(9,690)	(9,690)		(9,690)		(9,690)
Disposal of treasury shares			70	60		60
Deficit disposition	114,027	114,027		-		-
Net changes of items other than shareholders' equity					18	18
Total changes of items during period	104,336	104,336	70	(9,618)	18	(9,600)
Balance at end of current period	(9,690)	(9,690)	-	327,068	18	327,087

(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

- 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).

(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 for fiscal year 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 presentation

Non-consolidated statement of income

"Depreciation" (¥292 million in the previous fiscal year), which was included in "other" under non-operating expenses in the previous fiscal year, is stated as an independent item from current year because its monetary importance has increased.

"Loss on retirement of non-current assets" (¥168 million in current year), which was stated as an independent item under non-operating expenses in the previous fiscal year, is included in "other" from current year because its amount became insignificant.

3. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation for property, plant and equipment: ¥458,163 million

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

Assets pledged as collateral are as follows:

	(Millions of yen)
Buildings	39,609
Structures	1,717
Machinery and equipment	12,109
Vehicles	11
Tools, furniture and fixtures	16
Land	4,759
Construction in progress	121,440
Total	179,664

Obligations secured by collateral are as follows:

	(Millions of yen)
Advances received	120,296

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

	(Millions of yen)
i) Short-term monetary receivables	173,994
ii) Long-term monetary receivables	–
iii) Short-term monetary payables	45,223
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	60,000
Balance of borrowings outstanding	–
Balance	60,000

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

(As of March 31, 2016)	(Millions of yen)
Property, plant and equipment	
Buildings	81
Structures	0
Machinery and equipment	14,969
Vehicles	0
Tools, furniture and fixtures	332
Intangible assets	
Software	49
Total	15,434

4. Notes to the non-consolidated statement of income

(1) Amount of transactions with subsidiaries and associates

Net sales	¥882,084 million
Purchase	¥200,980 million

Non-operating income ¥16,654 million

(2) The ending inventory balance represents the value after devaluation of book value according to a decrease in profitability, and gain on reversal of ¥4,516 million is included in cost of sales and business structure improvement expense.

(3) Subsidy income

Mainly represents the subsidy received from the Ministry of Economy, Trade and Industry for promoting investments in cutting-edge equipment in conjunction with the research and development of next-generation small- to medium-sized displays.

(4) Loss on reduction of non-current assets

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

(5) Business structure improvement expense

The breakdown of business structure improvement expense is as follows.

	(Millions of yen)
Loss on valuation of inventories	3,023
Loss on impairment of non-current assets (note)	2,939
Loss on disposal of inventories	1,722
Production transfer expenses	1,409
Expenses related to early retirement assistance program	1,040
Total	10,133

(Note) Details of loss on impairment of non-current assets included in business structure improvement expense are provided in (6) Loss on impairment

(6) Loss on impairment

The Company booked loss on impairment for the following assets.

Use	Type	Location	Loss on impairment (Million yen)
Domestic front-end manufacturing (manufacturing of small- to medium-sized displays) lines	Machinery and equipment, vehicles, tools, furniture and fixtures, leased assets, construction in progress, software	Mobara Plant Mobara-shi, Chiba	1,512
	Machinery and equipment, leased assets, construction in progress	Higashiura Plant Higashiura-cho, Chita-gun, Aichi	1,426
Total			2,939

In principle, the Company grouped these assets for business operations or for lending. The Company grouped idle assets individually as a unit which makes cash flows and goes into independent from other assets.

The Company operates, at its four manufacturing bases in Japan, LCD panel manufacturing lines for LCD panels ranging from the relatively small G3.5 glass substrate (glass size: 600 mm x 720 mm) to the world’s largest G6 glass substrate (glass size: 1,500 mm x 1,850 mm) to which the LTPS (low-temperature polycrystalline silicon) technology is adapted. However, recently the Company has decided to eliminate older generation manufacturing lines, except land and buildings, which have less cost competitiveness. As a result, the Company decreased the book value of the asset group related to domestic front-end manufacturing (manufacturing of small- to medium-sized displays) lines to a recoverable value, and booked the decrease of ¥2,536 million (mainly machinery and equipment of ¥925 million and leased assets of ¥1,295 million) and a clearance expense of ¥403 million as an extraordinary loss.

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

5. 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	140,600 shares	–	140,600 shares	–

Notes: The number of treasury shares decreased by 140,600 shares as these treasury shares were sold by “the trust exclusively for Japan Display shareholding association” to the employee shareholding association.

6. Notes on tax-effect accounting

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

	(Millions of yen)
Deferred tax assets	
Tax loss carried forward	49,704
Provision for bonuses	1,369
Advances received	1,318
Inventory devaluation	2,065
Depreciation	3,580
Provision for retirement benefits	6,124
Other	3,887
Subtotal of deferred tax assets	68,051
Valuation allowance	(45,039)
Total deferred tax assets	23,011
Deferred tax liabilities	
Loss on qualified foreign tax	131
Assessed market value of land	76
Assessed market value of patent rights	544
Other	178
Total deferred tax liabilities	930
Net deferred tax assets	22,081

(Revision to the amounts of deferred tax assets and deferred tax liabilities due to changes in rates of corporation tax, etc.)

Following the passage of the “Act for Partial Revision of the Income Tax Act etc.” and the “Act for Partial Revision of the Local Tax Act etc.” in the Diet on March 29, 2016, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities for current year (limited to those to be eliminated on or after April 1, 2016) has been changed. In the previous fiscal year, 33.10% was used for those expected to be recovered or paid between April 1, 2015 and March 31, 2016 and 32.34% for those expected to be recovered or paid on or after April 1, 2016, but they were changed to 30.86% for those expected to be recovered or paid between April 1, 2016 and March 31, 2018 and 30.62% for those expected to be recovered or paid on or after April 1, 2018, respectively.

As a result of this change in the tax rate, net amount of deferred tax assets (after deduction of deferred tax liabilities) decreased by ¥1,158 million, and income taxes-deferred for current year increased by the same amount.

7. 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 46,183	Accounts receivable - trade	15,257
Subsidiary	JDI Hong Kong Limited	Owning Direct 100.0%	Sale of products of the Company	Sale of products	*1 792,584	Accounts receivable - trade	110,583
Subsidiary	Taiwan Display Inc.	Owning Direct 100.0%	Sale of products of the Company	Sale of medium-sized TFT module components and products	*1 14,916	Accounts receivable - trade	19,633
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	*2 150,869	Accounts payable - trade	8,826
				Supply of small- and medium-sized TFT module components	*3 46,645	Accounts receivable - other	5,025
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 80,079	Accounts payable - trade	25,724
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 63,781	Accounts payable - trade	3,601
				Supply of small- and medium-sized TFT module components	*3 50,051	Accounts receivable - other	10,165

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.

8. Per share information

(1) Net assets per share ¥543.83

(2) Net income (loss) per share ¥(16.11)

9. 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 9, 2016

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, 2015 to March 31, 2016, 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 09, 2016

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 14th fiscal year from April 1, 2015 to March 31, 2016, 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 14th fiscal year from April 1, 2015 to March 31, 2016, and report the results as follows:

1. Method and Content of Audit Conducted by Company Auditors and Board of Company Auditors

(1) 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.

(2) 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 establish a system necessary for auditing services, and as well conducted audit using the following method.

1) Company Auditors 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 maintain communication and exchange information with Directors, etc. of subsidiaries, require business reports, and investigate business and financial conditions of these subsidiaries.

2) 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 corporate group consisting of a corporation and its subsidiaries, and asked them details and expressed an opinion when necessary.

3) Company Auditors 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 the business report and its detailed statements, the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and their supplementary statements and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements) for such fiscal year.

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 10, 2016

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