



Tosoh Books Merger-Related Deferred Tax Assets and Extraordinary Gain

February 3, 2015

Tokyo, Japan—Tosoh Corporation is pleased to report that it completed its merger with its wholly owned subsidiary Nippon Polyurethane Industry Co., Ltd. (NPU), on October 1, 2014, as it announced it would in its May 9, 2014, news release “Tosoh Moving Forward on Merger with Nippon Polyurethane Industry Co., Ltd.” As a result of the merger with NPU, Tosoh Corporation has booked deferred tax assets and an extraordinary gain.

Deferred Tax Assets

The deferred tax assets booked by the company are associated with the carryforward losses and other temporary differences and adjustments in the liabilities of NPU. Assumed by Tosoh Corporation as a result of the merger, they have led the company to record a ¥26.3 billion decrease in its income taxes on its consolidated and nonconsolidated statements of income for the third quarter of fiscal year 2015, the year ending March 31, 2015.

Extraordinary Gain

Also in the third quarter of fiscal 2015, Tosoh Corporation recorded on its nonconsolidated statements of income an extraordinary gain on the merger of ¥9.2 billion. That is the amount in excess of the difference between (1) the net assets of NPU assumed by Tosoh Corporation and the book value of the NPU shares to be cancelled and (2) the company’s reversals in its allowance for doubtful accounts and provision for loss on guarantees that resulted from the company’s booking of a loss on the cancellation of NPU’s shares after the absorption of the subsidiary.

This extraordinary gain was eliminated in the consolidation process. So it had no impact on Tosoh Corporation’s third-quarter consolidated results.

Note: NPU wrote down its fixed assets on its third-quarter nonconsolidated balance sheets, but Tosoh Corporation chose not to write down those fixed assets in consolidation. Consequently, an extraordinary gain arose for Tosoh Corporation when it assumed those assets in the merger based on their book value on NPU’s consolidated balance sheets because NPU’s account reserves were based on its adjusted nonconsolidated balance sheets.

Outlook

Tosoh Corporation’s inclusion of these accounting adjustments in its third-quarter accounting statements does not change the company’s performance forecasts for fiscal 2015 announced on October 31, 2014.



TOSOH CORPORATION

TOSOH

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WHO WE ARE

Tosoh Corporation is the parent of the Tosoh Group, which comprises 130 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥772.3 billion (US\$7.5 billion at the year-end rate of ¥100.17 to the US dollar) in fiscal 2014, ended March 31, 2014.

WHAT WE DO

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polyethylene, and functional polymers, while its advanced materials business serves the global semiconductor, display, and solar industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the monitoring of life-threatening diseases. In addition, Tosoh demonstrates its commitment to a sustainable future in part by manufacturing a variety of eco-products.

Stock Exchange Ticker Symbol: 4042

DISCLAIMER

This document may contain forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. Forward-looking statements are identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the results expressed in forward-looking statements.