

OFFER DOCUMENT DATED 16 JANUARY 2012

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Offer (as defined herein), you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Daiwa Capital Markets Singapore Limited is acting for and on behalf of Osaki Electric Co., Ltd. (the “**Offeror**”) and does not purport to advise the shareholders of SMB United Limited (the “**Company**” or “**SMB**”) or any other person.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Offer Document (as defined herein) and the accompanying Form of Acceptance and Authorisation for Shares (“**FAA**”) to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not held through CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer for Shares (“**FAT**”) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale, for onward transmission to the purchaser or transferee.

The views of the Independent Directors (as defined herein) and the independent financial adviser to the Independent Directors on the Offer will be made available to you in due course. You may wish to consider their views before taking any action in relation to the Offer.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

VOLUNTARY CONDITIONAL CASH OFFER

by



DAIWA CAPITAL MARKETS SINGAPORE LIMITED

(Company Registration No.: 197200705R)
(Incorporated in the Republic of Singapore)

for and on behalf of



OSAKI ELECTRIC CO., LTD.

(Incorporated in Tokyo, Japan)

to acquire all the ordinary shares in the capital of



SMB UNITED LIMITED

(Company Registration No.: 199506364D)
(Incorporated in the Republic of Singapore)

ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. ON 13 FEBRUARY 2012 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Offer are set out in **Appendix 2** to this Offer Document and in the accompanying FAA and/or FAT.

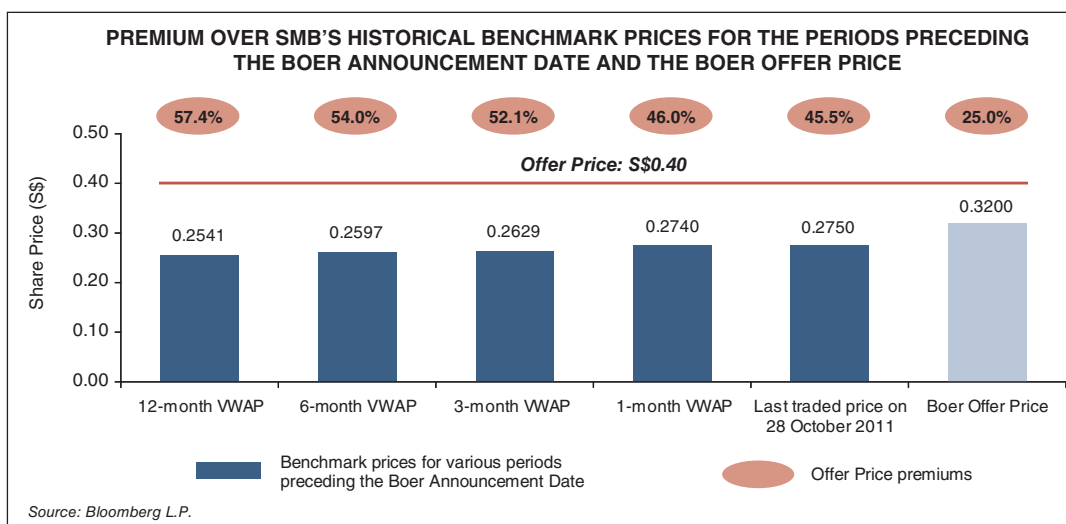
If you have any queries on the Offer, please call our hotline at +65 6499 6576 during office hours.

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OFFER HIGHLIGHTS

1 An opportunity for Shareholders to exit at a substantial premium

- Trading liquidity in the Shares has been low with an average daily trading volume in the 12-month period prior to the Last Trading Day of 988,619 Shares, representing approximately 0.2% of all Shares in issue as at the Offer Announcement Date.
- Offer Price of S\$0.40 per Share represents substantial premiums of between **46.0%** to **57.4%** over the 1-month, 3-month, 6-month and 12-month VWAP of the Shares prior to the Boer Announcement Date.
- Offer Price also represents a **25%** premium over the Boer Offer Price.



2 You will receive S\$0.40 per Share in CASH

- An opportunity for Shareholders to realise their entire investment for CASH without incurring brokerage or other trading costs.
- Offer Price of S\$0.40 per Share is a NETT price (subject to adjustment for any dividends or distributions declared by the Company on or after the Offer Announcement Date).
- If your valid acceptance is received before the Offer is declared unconditional, you will receive CASH within 10 days of the date on which the Offer is declared unconditional. If your valid acceptance is received after the Offer is declared unconditional, you will receive CASH within 10 days of the receipt of such acceptance.

3 Irrevocable Undertakings from Mr. Lee Yong Heng, Mr. Lee Phuan Weng, Mr. Goh Ban Kin and certain other Shareholders to accept the Offer

- The Offeror has received irrevocable undertakings from Undertaking Shareholders to accept the Offer in respect of an aggregate of 183,038,039 Shares, representing approximately 37.42% of the Shares in issue as at the Latest Practicable Date¹.

4 The Offer is only subject to the Minimum Acceptance Condition and is unconditional in all other respects

Important Notice

The information in this section is a summary of the Offer and is qualified by, and should be read in conjunction with, the more detailed information contained in the rest of this Offer Document. Unless otherwise defined, all capitalised terms used in this section shall have the meanings ascribed to them in this Offer Document. Nothing in this section is intended to be, or shall be taken as, advice, recommendation or solicitation to the Shareholders or any other party regarding the Company, the Shares, this Offer or the Offeror. Daiwa is acting for and on behalf of the Offeror and does not purport to advise the Shareholders or any other party. Shareholders may wish to refer to the Company's circular in relation to the Offer once it is despatched and carefully consider the information and recommendation therein before taking any action on the Offer.

¹ Based on 489,151,999 Shares in issue as at the Latest Practicable Date.

INSTRUCTIONS TO ACCEPT THE OFFER

- 1 Locate the FAA for Shares in scripless form and/or the FAT for Shares in scrip form,** whichever is relevant to your Shares. The relevant form has been sent together with this Offer Document. Alternatively, you may obtain the Relevant Acceptance Forms from:
 - (i) the SGX-ST's website at <http://www.sgx.com>;
 - (ii) Daiwa Capital Markets Singapore Limited, 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809;
 - (iii) The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807 (in respect of the FAA); or
 - (iv) Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 (in respect of the FAT).
- 2 FILL in your details and SIGN the FAA and / or the FAT.** Instructions on how to complete the forms are set out in the FAA and / or the FAT and in **Appendix 2** to this Offer Document.
- 3 Return the completed form(s)** in the enclosed pre-addressed envelope so as to arrive by no later than 5.30 p.m. on 13 February 2012 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), by hand or by post. Please affix adequate postage if returning by post.

If you have already accepted the Boer Offer and you wish to accept the Offer, you may withdraw your acceptance of the Boer Offer and tender your Shares in acceptance of the Offer immediately, after the earlier of:

- (i) **the date the Offer becomes or is declared to be unconditional as to acceptances; or**
- (ii) **14 days after the first closing date of the Boer Offer (i.e. after 2 January 2012) if the Boer Offer has not by then become or been declared to be unconditional as to acceptances.**

Key Dates and Times:

Despatch of Offer Document	16 January 2012
Latest date for despatch of the Company's circular in relation to the Offer	30 January 2012
Closing Date	5.30 p.m. on 13 February 2012 or such later date(s) as may be announced from time to time by or on behalf of the Offeror

Please call our hotline at +65 6499 6576 if you have any enquiries concerning the Offer or if you need assistance to complete the Relevant Acceptance Forms.

有关接纳股票收购献议的步骤

1 请找与您所持股份相关的:

- 无纸化股的接受与授权表格(“FAA”),及/或
- 凭证化股的接受与转让表格(“FAT”).

您也可以通过以下方式获取相关表格:

- (i) SGX-ST网站:<http://www.sgx.com>;
- (ii) Daiwa Capital Markets Singapore Limited, 地址: 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809;
- (iii) The Central Depository (Pte) Limited, 地址: 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807(索取FAA); 或
- (iv) SMB United Limited股份登记员,地址: Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623(索取FAT).

2 在FAA及/或FAT上填写您的详细资料并签名。有关如何填写这些表格的说明,请参见FAA和/或FAT及本收购献议文件的附录2;

3 请将填妥的表格连同有关文件亲自递交,或放入随附的信封寄回给大崎电气工业株式会社。表格与相关文件必须于在2012年2月13日下午5.30之前(或大崎电气工业株式会社或其代表可能宣布的延后时期)寄达。

如果您已接受博耳电力控股有限公司(**Boer Power Holdings Limited**)关于**SMB United Limited**股份的收购献议 (“**Boer**献议”) 而您想接受本献议, 您可以在下述情况较早发生的情况之后立即撤销您对**Boer**献议的接受, 然后接受本献议:

- (i) 本献议被宣布为无条件献议的日期;或
- (ii) **Boer**献议的第一个申报截止日期后14天 (i.e. 2012年1月2日之后) (如果 **Boer**献议届时尚未成为无条件献议)。

关键日期和时间:

献议文件寄发日期	2012年1月16日
SMB发送通函的最后日期	2012年1月30日
截止日期	2012年2月13日下午5.30或大崎电气工业株式会社或其代表可能宣布的延后时期

如果您对本献议有任何疑问, 或者需要帮助填写接受表格, 请致电我们的服务热线:+65 6499-6576。

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Offer Document, the FAA and the FAT:

"2Q FY2012"	:	Six months ended 30 September 2011
"Awards"	:	Has the meaning ascribed to it in Section 4 of the Letter to Shareholders in this Offer Document
"Boer Announcement Date"	:	Has the meaning ascribed to it in Section 10.2 of the Letter to Shareholders in this Offer Document
"Boer Offer"	:	Has the meaning ascribed to it in Section 10.2 of the Letter to Shareholders in this Offer Document
"Boer Offer Document"	:	The offer document dated 21 November 2011 issued to Shareholders in relation to the Boer Offer
"Boer Offer Price"	:	Has the meaning ascribed to it in Section 10.2 of the Letter to Shareholders in this Offer Document
"Boer Offer Shares"	:	Has the meaning ascribed to it in Section 10.2 of the Letter to Shareholders in this Offer Document
"CDP"	:	The Central Depository (Pte) Limited
"Closing Date"	:	First Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last date and time for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company" or "SMB"	:	SMB United Limited
"Company Securities"	:	Has the meaning ascribed to it in Section 14.2.1 of the Letter to Shareholders in this Offer Document
"CPF"	:	Central Provident Fund
"CPF Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS"	:	Central Provident Fund Investment Scheme
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Daiwa"	:	Daiwa Capital Markets Singapore Limited

“Date of Receipt”	:	Has the meaning ascribed to it in paragraph 1.1.2(i)(b) of Appendix 2 to this Offer Document
“Despatch Date”	:	16 January 2012, being the date of despatch of this Offer Document
“Directors”	:	The directors of the Offeror as at the Latest Practicable Date
“Electronic Acceptance”	:	Has the meaning ascribed to it in paragraph 1.1.7 of Appendix 2 to this Offer Document
“FAA”	:	Form of Acceptance and Authorisation for Shares in respect of the Offer, which forms part of this Offer Document and is applicable to Depositors
“FAT”	:	Form of Acceptance and Transfer for Shares in respect of the Offer, which forms part of this Offer Document and is applicable to Shareholders whose Shares are held in scrip form
“Final Day Rule”	:	Has the meaning ascribed to it in paragraph 1.6 of Appendix 1 to this Offer Document
“First Closing Date”	:	5.30 p.m. on 13 February 2012
“FY2009”	:	The financial year ended 31 March 2009
“FY2010”	:	The financial year ended 31 March 2010
“FY2011”	:	The financial year ended 31 March 2011
“Independent Directors”	:	The directors of the Company who are considered to be independent for the purposes of the Offer
“in scrip form”	:	Has the meaning ascribed to it in paragraph 1.2.1 of Appendix 2 to this Offer Document
“Irrevocable Undertakings”	:	Has the meaning ascribed to it in Section 5.1 of the Letter to Shareholders in this Offer Document
“JPY” or “yen”	:	Japanese Yen, being the lawful currency of Japan
“Last Trading Day”	:	27 December 2011, being the last full day of trading in the Shares on the SGX-ST prior to the Offer Announcement Date
“Latest Practicable Date”	:	10 January 2012, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date

“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“maximum potential issued shares in the Company”	:	Has the meaning ascribed to it in Section 3 of the Letter to Shareholders in this Offer Document
“Minimum Acceptance Condition”	:	Has the meaning ascribed to it in Section 3 of the Letter to Shareholders in this Offer Document
“NAV”	:	Net asset value
“Nominee Directors”	:	Has the meaning ascribed to it in Section 5.3.1 of the Letter to Shareholders in this Offer Document
“Non-Assenting Shareholders”	:	Has the meaning ascribed to it in Section 12.3 of the Letter to Shareholders in this Offer Document
“Offer”	:	The voluntary conditional cash offer by Daiwa, for and on behalf of the Offeror, to acquire all the Shares on the terms and subject to the conditions set out in this Offer Document and the Relevant Acceptance Forms, as such offer may be amended, extended and/or revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer released by Daiwa, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	28 December 2011, being the date of the Offer Announcement
“Offer Document”	:	This document dated 16 January 2012 and any other document(s) which may be issued by Daiwa, for and on behalf of the Offeror, to amend, revise, supplement or update this document from time to time
“Offer Price”	:	S\$0.40 in cash for each Share, being the offer price in relation to the Offer
“Offeror”	:	Osaki Electric Co., Ltd.
“Offeror Group”	:	Offeror and its consolidated subsidiaries
“Offeror Group Financial Statements”	:	Has the meaning ascribed to it in paragraph 3.1 of Appendix 3 to this Offer Document
“Offeror Group Interim 2Q Financial Statements”	:	Has the meaning ascribed to it in paragraph 3.1 of Appendix 3 to this Offer Document
“Overseas Shareholders”	:	Has the meaning ascribed to it in Section 16.1 of the Letter to Shareholders in this Offer Document

“PSHL”	:	Profit Sea Holdings Limited
“Reference Period”	:	The period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date
“Register”	:	The register of Shareholders, as maintained by the Registrar
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Relevant Acceptance Forms”	:	FAA and/or FAT
“Relevant Day”	:	Has the meaning ascribed to it in paragraph 3.1 of Appendix 1 to this Offer Document
“Relevant Persons”	:	Has the meaning ascribed to it in Section 14.1.1 of the Letter to Shareholders in this Offer Document
“Rule 22.6 Period”	:	Has the meaning ascribed to it in paragraph 1.4 of Appendix 1 to this Offer Document
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register or Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“Shut-Off Notice”	:	Has the meaning ascribed to it in paragraph 1.5 of Appendix 1 to this Offer Document
“SIC”	:	Securities Industry Council of Singapore
“SMB Group”	:	SMB and its subsidiaries
“SMB Performance Share Plan”	:	Has the meaning ascribed to it in Section 4 of the Letter to Shareholders in this Offer Document
“Undertaking Shareholders”	:	Has the meaning ascribed to it in Section 5.1 of the Letter to Shareholders in this Offer Document
“VWAP”	:	Volume weighted average price
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

Acting in Concert. The expression “**acting in concert**” shall have the meaning ascribed to it in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by Daiwa or advertising agents, for and on behalf of the Offeror, to the press, or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise, of an announcement to the SGX-ST.

Depositors, etc. The expressions “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in the Companies Act.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

Offer Document. References to “**Offer Document**” shall include the FAA and the FAT, unless the context otherwise requires.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Offer Document are, as the context so determines, to Shareholders.

Statutes. Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual or that modification, as the case may be.

Subsidiaries, related corporations. The expressions “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Time and Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.

Total Number of Shares. In this Offer Document, the total number of Shares in issue as at the Latest Practicable Date is 489,151,999 Shares, based on information provided by the Company to the Offeror.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor Daiwa undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

Daiwa

Capital Markets

DAIWA CAPITAL MARKETS SINGAPORE LIMITED

(Company Registration No.: 197200705R)
(Incorporated in the Republic of Singapore)

16 January 2012

To: The Shareholders of SMB United Limited

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY DAIWA, FOR AND ON BEHALF OF THE OFFEROR, FOR THE SHARES

1. INTRODUCTION

- 1.1 Offer Announcement.** On 28 December 2011, Daiwa announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer for all the Shares.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

- 1.2 Offer Document.** This Offer Document contains the formal offer by Daiwa, for and on behalf of the Offeror, to acquire all the Shares. This Offer Document shall be despatched to Shareholders on the Despatch Date. Shareholders are urged to read this Offer Document carefully.

2. THE OFFER

- 2.1 Offer Price.** For and on behalf of the Offeror, Daiwa hereby makes the Offer to acquire all the Shares on the following basis:

For each Share: S\$0.40 in cash

- 2.2 Offer Shares.** The Offer is extended to all Shares, including any and all Shares owned, controlled or agreed to be acquired by any person acting or deemed to be acting in concert with the Offeror, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, and Rule 15.1 of the Code.

- 2.3 No Encumbrances.** The Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Offer Announcement Date.

If any dividend, right or other distribution is declared, paid or made by the Company on the Shares on or after the Offer Announcement Date and the Offeror is not entitled to receive such dividend, right or other distribution in full from the Company in respect of any of the Shares tendered in acceptance of the Offer, the Offer Price payable in respect of such Shares will be reduced by the amount of such dividend, right or other distribution.

3. MINIMUM ACCEPTANCE CONDITION

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with Shares owned, controlled, acquired or agreed to be acquired by the Offeror and persons acting in concert with the Offeror (whether before or during the Offer), will result in the Offeror and persons acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued Shares as at the close of the Offer (the “**Minimum Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer unless, at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Shares which will result in the Offeror and persons acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of the maximum potential issued shares in the Company. For the purposes of the Offer, the “**maximum potential issued shares in the Company**” means the total number of Shares, including any Shares which may be issued pursuant to the SMB Performance Share Plan.

The Offer is unconditional in all other respects.

4. SMB PERFORMANCE SHARE PLAN

The Company has a performance share plan which was approved on 30 April 2009 by Shareholders at an extraordinary general meeting (the “**SMB Performance Share Plan**”). As at the Latest Practicable Date, and based on information provided by the Company, Awards have been granted and remain outstanding under the SMB Performance Share Plan pursuant to which an aggregate of 23,950,000 Shares may potentially be allotted and issued to the grantees of such Awards, subject to the terms of the SMB Performance Share Plan.

Awards represent the right of a grantee to receive fully paid Shares, their equivalent cash value or combinations thereof (the “**Awards**”), free of charge, upon the grantee achieving the prescribed performance and/or service conditions or otherwise having performed well and/or made a significant contribution to the Company. The terms of the SMB Performance Share Plan provide that the Awards are not transferable, except with the prior approval of the committee administering the SMB Performance Share Plan. Accordingly, the Offer will not be extended to grantees of the Awards, save that the Offer will extend to Shares which are validly allotted and issued to grantees prior to the close of the Offer, in satisfaction of (and in accordance with the terms of) the Awards.

5. IRREVOCABLE UNDERTAKINGS

- 5.1 **Undertaking Shareholders.** As at the Offer Announcement Date, certain Shareholders (the “**Undertaking Shareholders**”) have each given irrevocable undertakings to the Offeror (“**Irrevocable Undertakings**”) pursuant to which each of the Undertaking Shareholders has agreed to, *inter alia*, accept the Offer in respect of the Shares held by each of them respectively prior to and up to the close of the Offer and has undertaken to exercise all voting rights attached to their Shares in such manner as to oppose the taking of any action which may preclude, delay, frustrate, restrict or otherwise prejudice the Offer.

5.2 Undertaking Shareholders. As at the Latest Practicable Date, the Undertaking Shareholders have undertaken to accept the Offer in respect of an aggregate of 183,038,039 Shares held by them as at the Latest Practicable Date, representing approximately 37.42 per cent. of the total number of Shares in issue as at the Latest Practicable Date. A list of the Undertaking Shareholders and the number of Shares to be tendered in acceptance of the Offer by each Undertaking Shareholder pursuant to his or her Irrevocable Undertaking is set out below.

Name of Undertaking Shareholder	No. of Shares	% of Shares in issue ⁽¹⁾	% of maximum potential issued Shares ⁽²⁾
Lee Phuan Weng	35,688,544	7.30	6.96
Ang Lucy	7,761,248	1.59	1.51
Lawrence Lee Wee Hian	10,669,000	2.18	2.66 ⁽³⁾
Ang Lai See	744,000	0.15	0.15
Lee Yong Heng	46,170,923	9.44	9.00
Lee Kwang Mong	1,082,000	0.22	0.80 ⁽⁴⁾
Terri Lee Hwee Choo	11,886,000	2.43	2.61 ⁽⁵⁾
Lee Soo Chin	19,426,810	3.97	3.79
Lee Yong Siang	3,032,000	0.62	0.59
Goh Ban Kin	22,632,514	4.63	4.41
Foo Juat Eng	10,045,000	2.05	1.96
Goh Woon Keat	7,146,000	1.46	1.39
Goh Woon Peng	6,170,000	1.26	1.20
Henry Hoe Leong Seng	336,000	0.07	0.07
Koh Ah Huat	168,000	0.03	0.03
Tay Teng Tiow	60,000	0.01	0.01
Hung Cheau Ling	20,000	0.00	0.00
Total	183,038,039	37.42	37.13

Notes:

- (1) As a percentage of the total number of Shares in issue as at the Latest Practicable Date.
- (2) As a percentage of the maximum potential issued Shares as at the Latest Practicable Date, being 513,101,999 Shares which comprises the issued Shares as at the Latest Practicable Date and the 23,950,000 Shares which may be issued pursuant to Awards outstanding under the SMB Performance Share Plan.
- (3) Comprising 10,669,000 issued Shares and 3,000,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.
- (4) Comprising 1,082,000 issued Shares and 3,000,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.
- (5) Comprising 11,886,000 issued Shares and 1,500,000 Shares which may be issued pursuant to an Award under the SMB Performance Share Plan.

5.3 Undertaking Directors. Certain Undertaking Shareholders who are also directors of the Company, have additionally given further undertakings to the Offeror as follows:

5.3.1 each of Messrs Lee Yong Heng, Lee Phuan Weng, Henry Hoe Leong Seng, Goh Ban Kin, Lee Kwang Mong, Koh Ah Huat, Tay Teng Tiow and Lawrence Lee Wee Hian has undertaken to the Offeror that, subject to (i) the Offer becoming unconditional in all respects and (ii) their fiduciary duties as directors of the Company and all applicable laws, rules and regulations (including but not limited to the rules and regulations of the SGX-ST) and in accordance with the Memorandum and Articles of Association of the Company, each of them shall use their best endeavours to propose and vote in favour of board resolutions of the Company to approve the appointment of such persons as the Offeror may nominate to form a majority of the board of the Company (the “**Nominee Directors**”) on (a) the close of the Offer or (b) such earlier date after the Offer has become unconditional in all respects and as may be approved by the SIC; and

5.3.2 each of Messrs Lee Yong Heng, Lee Phuan Weng and Goh Ban Kin has undertaken to the Offeror that, subject to (i) the Offer becoming unconditional in all respects and (ii) compliance with Rule 6.3 of the Code, each of them shall tender their respective resignations as directors of the Company, to take effect on the earlier of (a) the appointment of the Nominee Directors (subject to the consent of the SIC, if such appointment takes place prior to the close of the Offer) and (b) the close of the Offer. Given these directors’ standing and intimate knowledge of the Company’s businesses and operations, it is contemplated that they will be retained in an advisory role in the Company following the close of the Offer, subject to terms to be discussed and mutually agreed with the Offeror.

5.4 Termination. The Irrevocable Undertakings shall terminate and cease to have any further force or effect on the date on which the Offer lapses or is withdrawn. Save as aforementioned, the Irrevocable Undertakings remain in full force and effect.

5.5 Inspection. Copies of the Irrevocable Undertakings are available for inspection during normal business hours at the registered office of Daiwa at 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809 for the period for which the Offer remains open for acceptance.

6. WARRANTY

A Shareholder who tenders his Shares in acceptance of the Offer will be deemed to warrant that he sells such Shares as, or on behalf of, the beneficial owner(s) thereof, (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Offer Announcement Date.

7. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on (i) the duration of the Offer, (ii) the settlement of the consideration for the Offer, (iii) the requirements relating to the announcement(s) of the level of acceptances of the Offer and (iv) the right of withdrawal of acceptances of the Offer.

8. PROCEDURES FOR ACCEPTANCE

Appendix 2 to this Offer Document sets out the procedures for acceptance of the Offer.

9. INFORMATION ON THE OFFEROR

9.1 Offeror. The Offeror was established in January 1937 and is listed on the Tokyo Stock Exchange. The Offeror is in the business of (i) measurement and control equipment, (ii) FPD assembling equipment and (iii) real estate. As at 31 March 2011, the Offeror had capital stock of 4,686 million yen.

9.2 Additional Information. **Appendix 3** to this Offer Document sets out certain additional information on the Offeror.

10. INFORMATION ON THE COMPANY

10.1 Company Information. The Company is a public company incorporated in Singapore on 7 September 1995. It was listed on the Mainboard of the SGX-ST on 23 September 1996. The SMB Group is principally engaged in the manufacture and distribution of switchgears, EDM electronic revenue meters and its own RudolfTM brand of controllers, instrumentation and power quality systems.

10.2 Boer Offer. On 31 October 2011 (the "**Boer Announcement Date**"), PrimePartners Corporate Finance Pte. Ltd., announced a voluntary conditional cash offer, for and on behalf of PSHL, an indirect wholly-owned subsidiary of Boer Power Holdings Limited (the "**Boer Offer**"), to acquire all the issued and fully paid-up Shares, other than those already owned, controlled or agreed to be acquired by PSHL (the "**Boer Offer Shares**"), at an offer price of S\$0.32 in cash for each Boer Offer Share (the "**Boer Offer Price**"). As at the Latest Practicable Date, the Boer Offer has not become unconditional in accordance with its terms.

10.3 Additional Information. **Appendix 4** to this Offer Document sets out certain additional information on the Company.

11. RATIONALE FOR THE OFFER

11.1 Offeror's intention to delist and privatise the Company. As noted in **Section 12** below, the Offeror is making the Offer with a view to delisting the Company from the SGX-ST and depending on the outcome of the Offer, the Offeror intends to pursue any rights of compulsory acquisition that may arise under the Companies Act. As a listed entity, the Company has to incur listing, compliance and other related costs associated with continuing listing requirements under the Listing Manual. If the Company is delisted, it will be able to dispense with such costs and the human resources that have to be committed for such compliance as well. Hence, delisting the Company will allow it to focus its resources on its business operations. Further, once the Company is delisted, the Offeror and the Company will have greater operational flexibility without being constrained by market sentiment and price volatility.

11.2 Low trading liquidity – opportunity for Shareholders to exit at a premium. The trading volume of the Shares has been low, with an average daily trading volume of approximately 988,619 Shares, representing approximately 0.20 per cent. of all the Shares as at the Latest Practicable Date, for the 12-month period up to the Last Trading Day.

As stated in **Section 13** below, the Offer Price represents a premium of approximately 46.0 per cent., 52.1 per cent., 54.0 per cent. and 57.4 per cent. over the 1-month, 3-month, 6-month and 12-month VWAP of the Shares respectively prior to the Boer Announcement Date.

Through the Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the market prices of the Shares prior to the Offer Announcement Date without incurring brokerage or other trading costs.

The Offer Price also represents a premium of 25.0 per cent. over the Boer Offer Price.

11.3 Potential benefits to the Offeror

11.3.1 Accelerate overseas expansion

Currently, the Offeror mainly conducts its business in Japan. Although the Offeror has ventured overseas and currently sells its products overseas in countries such as Indonesia and various Latin American countries, it still substantially derives its revenues from Japan. The Offeror believes that the Company's established presence and sales channels in various parts of Asia, Australia, New Zealand and Europe will allow the Offeror to accelerate its expansion into the overseas markets.

11.3.2 Increase product and service offerings

The combined product and service offerings will allow the Offeror to better service its customers by offering more comprehensive energy management solutions and being in closer proximity to the customers which will improve its response time and hence, effectively compete with other global players in the global market.

11.3.3 Enhance research and development capabilities

The Offeror is of the view that investments in research and development capabilities are important and necessary for it to compete effectively to meet the needs of its customers in a rapidly changing environment for power distribution and energy management. As such, the Offeror values the Company's track record in developing and customising its products to satisfy the local needs and requirements of its customers in various jurisdictions.

11.3.4 Expand talent pool

The employees of the Company have contributed significantly to the success of the Company and the Offeror considers these employees pivotal to the future of the Company. The Offeror believes that the expanded talent pool resulting from the combination of both organisations will be more effective in executing the Offeror's global strategy.

12. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

12.1 Future Plans for the Company. Based on the Offeror's understanding of the Company, the Offeror currently does not intend to (i) introduce any major changes to the businesses of the Company, (ii) redeploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the SMB Group. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the SMB Group, and the review will help the Offeror identify all areas in which the Company and the Offeror Group can achieve shareholder value by combining the entities and determine the optimal business strategy for the Company.

12.2 Listing Status of the Company. Under Rule 1105 of the Listing Manual, in the event that the Offeror and persons acting in concert with it, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company's total number of Shares (excluding treasury shares) in public hands to fall below 10 per cent., the SGX-ST will suspend trading of Shares at the close of the Offer.

Rule 725 of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10 per cent., failing which the Company may be delisted.

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10 per cent. of the Shares (excluding treasury shares) are held in public hands.

12.3 Compulsory Acquisition Rights. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror would be entitled to exercise the right to, and intends to exercise its right to, compulsorily acquire, at the Offer Price, all the Shares held by the Shareholders who have not accepted the Offer (the "**Non-Assenting Shareholders**").

Non-Assenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer or otherwise, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued Shares as at the close of the Offer. Non-Assenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

13. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premiums over the benchmark prices for the Shares as set out below:

	Description	Benchmark Price ¹	Premium over Benchmark Price
(1)	Last transacted Share price on the SGX-ST on 27 December 2011, being the Last Trading Day	S\$0.3650	9.6%
(2)	VWAP per Share for the 1-month period up to and including the Last Trading Day	S\$0.3249	23.1%
(3)	VWAP per Share for the 3-month period up to and including the Last Trading Day	S\$0.2993	33.6%
(4)	VWAP per Share for the 6-month period up to and including the Last Trading Day	S\$0.2894	38.2%
(5)	VWAP per Share for the 12-month period up to and including the Last Trading Day	S\$0.2804	42.7%
(6)	Boer Offer Price	S\$0.3200	25.0%
(7)	Last transacted Share price on the SGX-ST on 28 October 2011, being the last full trading day in the Shares on the SGX-ST prior to the Boer Announcement Date	S\$0.2750	45.5%
(8)	VWAP per Share for the 1-month period prior to the Boer Announcement Date	S\$0.2740	46.0%
(9)	VWAP per Share for the 3-month period prior to the Boer Announcement Date	S\$0.2629	52.1%
(10)	VWAP per Share for the 6-month period prior to the Boer Announcement Date	S\$0.2597	54.0%
(11)	VWAP per Share for the 12-month period prior to the Boer Announcement Date	S\$0.2541	57.4%
(12)	NAV per Share	S\$0.2973	34.5%

¹ Trading prices and the NAV per Share are rounded to the nearest four decimal places. Trading prices are based on data extracted from Bloomberg L.P. and the NAV per Share is based on equity attributable to owners of the Company (as extracted from the Company's announcement of its unaudited consolidated financial statements of the SMB Group for the third quarter ended 30 September 2011) divided by 489,151,999, being the total number of Shares in issue as at the Latest Practicable Date.

14. DISCLOSURE OF HOLDINGS AND DEALINGS

14.1 Holdings and Dealings in Shares. Appendix 5 to this Offer Document sets out:

- 14.1.1** the holdings of Shares of the Offeror, the Directors and parties acting in concert with the Offeror (the “**Relevant Persons**”) as at the Latest Practicable Date;
- 14.1.2** the dealings in Shares by the Relevant Persons during the Reference Period;
- 14.1.3** the holdings of Shares of the Undertaking Shareholders as at the Latest Practicable Date; and
- 14.1.4** the dealings in Shares by the Undertaking Shareholders during the Reference Period.

14.2 No Other Holdings and Dealings. Save as disclosed in this Offer Document:

- 14.2.1** none of the Relevant Persons own, control or have agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, (iii) securities which are convertible into Shares or securities which carry voting rights in the Company, or (iv) rights to subscribe for, or options in respect of, such Shares or securities (collectively, “**Company Securities**”) during the Reference Period; and
- 14.2.2** none of the Relevant Persons have dealt for value in any Company Securities during the Reference Period.

Further, based on the information disclosed to the Offeror by the Undertaking Shareholders, save as disclosed in this Offer Document, none of the Undertaking Shareholders own, control or have agreed to acquire any Company Securities as at the Latest Practicable Date and none of the Undertaking Shareholders have dealt for value in any Company Securities during the Reference Period.

14.3 No Other Irrevocable Undertakings. Save as set out in this Offer Document, none of the Offeror and parties acting in concert with the Offeror have received any irrevocable undertakings from any party to accept or reject the Offer.

15. CONFIRMATION OF FINANCIAL RESOURCES

Daiwa, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

16. OVERSEAS SHAREHOLDERS

16.1 Overseas Shareholders. The availability of the Offer to Shareholders whose addresses are outside of Singapore as shown in the Register or, as the case may be, in the records of CDP (“**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document, the Relevant Acceptance Forms and any related document(s) have not been, or will not be, sent, provided that this Offer Document, the Relevant Acceptance Forms and any related document(s) do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Offer is not being made into any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole and absolute discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

16.2 Overseas Jurisdiction. It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and any related document(s) or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Daiwa, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or requisite payments that may be required to be paid. In accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and Daiwa that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

16.3 Copies of this Offer Document. Shareholders (including Overseas Shareholders) may, subject to compliance with applicable laws, obtain copies of this Offer Document, the Relevant Acceptance Forms and any related document(s), during normal business hours up to 5.30 p.m. on the Closing Date from, as the case may be, (i) the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, (ii) CDP, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807 or (iii) Daiwa, 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809. Electronic copies of this Offer Document and the Relevant Acceptance Forms may also be obtained from the website of the SGX-ST at www.sgx.com.

Alternatively, Shareholders (including Overseas Shareholders) may, subject to compliance with applicable laws, write to the Offeror at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, to request for this Offer Document, the Relevant Acceptance Forms and any related document(s) to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

16.4 Notice. The Offeror and Daiwa each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement on the SGXNET or by paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

17. INFORMATION RELATING TO CPFIS INVESTORS

CPFIS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer will receive the payment for their Shares in their CPF investment accounts.

18. GENERAL INFORMATION

- 18.1 Valid Acceptances.** The Offeror and Daiwa each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or in the Relevant Acceptance Forms, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the instructions printed on the Relevant Acceptance Forms. Any decision to accept or reject any acceptance will be final and binding and none of the Offeror, Daiwa, CDP and the Registrar (as the case may be) accept any responsibility or liability for the consequences of such a decision.
- 18.2 Governing Law and Jurisdiction.** The Offer, this Offer Document and the Relevant Acceptance Forms, and all acceptances of the Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Shareholder who has accepted the Offer submit to the non-exclusive jurisdiction of the Singapore courts.
- 18.3 No Third Party Rights.** Unless otherwise expressly provided to the contrary in this Offer Document and the Relevant Acceptance Forms, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document and the Relevant Acceptance Forms, has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein and in the Relevant Acceptance Forms, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 18.4 Accidental Omission.** Accidental omission to despatch this Offer Document, the Relevant Acceptance Forms or any notice or announcement required to be given under the terms of the Offer or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.
- 18.5 Independent Advice.** Daiwa is acting for and on behalf of the Offeror and does not purport to advise Shareholders or any other person. The Company will despatch a circular to Shareholders within 14 days after the Despatch Date setting out the views of the Independent Directors on the Offer and the opinion of the independent financial adviser to the Independent Directors on the Offer. Shareholders may wish to consider the information in the circular before taking any action in relation to the Offer.
- 18.6 General Information.** **Appendix 6** to this Offer Document sets out certain additional general information relating to the Offer.

19. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document are fair and accurate and that no material facts have been omitted from this Offer Document, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to the SMB Group), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document.

Yours faithfully

Daiwa Capital Markets Singapore Limited

For and on behalf of
Osaki Electric Co., Ltd.

Any enquiries relating to this Offer Document or the Offer should be directed during office hours to:

Lee Shao Ping
Managing Director
Head of Mergers & Acquisitions

Lin Yong Sin
Director
Mergers & Acquisitions

Hotline: +65 6499 6576

DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 First Closing Date. The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. on 13 February 2012, being the First Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

1.2 Subsequent Closing Date. If the Offer is extended and:

1.2.1 is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or

1.2.2 is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.

1.3 No Obligation to Extend the Offer. The Offeror is not obliged to extend the Offer if the Minimum Acceptance Condition is not fulfilled by the Closing Date.

1.4 Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances. In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") of not less than 14 days after the date on which the Offer would otherwise have closed.

1.5 Shut-off Notice. The Rule 22.6 Period does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

1.5.1 the Offeror may not give a Shut-Off Notice in a competitive situation; and

1.5.2 the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with **paragraph 4.2.1** of this **Appendix 1**, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

1.6 Final Day Rule. The Offer (whether revised or not) will not be capable:

1.6.1 of becoming or being declared unconditional as to acceptances after 5.30 p.m. on the 60th day after the Despatch Date; or

1.6.2 of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with SIC's prior consent (the "**Final Day Rule**").

1.7 Revision. The Offeror reserves its right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of posting of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who have previously accepted the Offer.

2. SETTLEMENT

2.1 When Settlement Due. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with such requirements as may be stated in this Offer Document and the Relevant Acceptance Forms and, in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, remittances in the form of S\$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the accepting Shareholders may have agreed with CDP for payment of any cash distributions), pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the accepting Shareholders, as soon as practicable, and in any case:

2.1.1 in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 10 days of such date;
or

2.1.2 in respect of acceptances of the Offer which are complete and valid in all respects and are received after the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within 10 days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 Timing and Contents. Pursuant to Rule 28.1 of the Code, by 8.00 a.m. on the Market Day (“**Relevant Day**”) immediately after the day on which the Offer is due to expire, or the Offer becomes or is declared to be unconditional as to acceptances, or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

3.1.1 for which valid acceptances of the Offer have been received;

3.1.2 held by the Offeror and any persons acting in concert with the Offeror prior to the commencement of the offer period (as defined under the Code); and

3.1.3 acquired or agreed to be acquired by the Offeror and any persons acting in concert with the Offeror during the offer period (as so defined under the Code),

and will specify the percentages of the total number of Shares in issue represented by such numbers.

3.2 Suspension. If the Offeror is unable within the time limit to comply with any of the requirements in **paragraph 3.1** of this **Appendix 1**, SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 Valid Acceptances of Shares. Subject to **Section 18.1** of the Letter to Shareholders in this Offer Document, in computing the number of Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the Minimum Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

3.4 Announcements, Notices. In this Offer Document, references to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by Daiwa or advertising agents, for and on behalf of the Offeror, to the press, or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST.

4. RIGHT OF WITHDRAWAL OF ACCEPTANCES

4.1 Acceptances Irrevocable. Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 Right of Withdrawal of Shareholders. A Shareholder who has tendered acceptances under the Offer may:

4.2.1 withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in **paragraph 3.1** of this **Appendix 1** by 3.30 p.m. on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in **paragraph 3.1** of this **Appendix 1**;

4.2.2 withdraw his acceptance after 14 days from the First Closing Date, if the Offer has not by then become or is declared to be unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances; and

4.2.3 withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately.

4.3 Procedures for Withdrawal of Acceptances. To withdraw his acceptance under the Offer:

4.3.1 a Shareholder holding Shares which **are not deposited with** CDP must give written notice to the Offeror at Osaki Electric Co., Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; and

4.3.2 a Shareholder holding Shares which **are deposited with** CDP must give written notice to the Offeror at Osaki Electric Co., Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807.

A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. OFFER

1.1 Depositors

1.1.1 Depositors whose Securities Accounts are credited with Shares. If you have Shares standing to the credit of your Securities Account, you should receive this Offer Document together with an FAA.

1.1.2 Acceptance using the FAA for Depositors whose Securities Accounts are credited with Shares. If you wish to accept the Offer, you should:

(i) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Part A of the FAA the number of Shares in respect of which you wish to accept the Offer. If you:

(a) do not specify such number; or

(b) specify a number which exceeds the number of Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt of the FAA (or 5.30 p.m. if the date of receipt is on the Closing Date) by CDP, for and on behalf of the Offeror (the “**Date of Receipt**”) (provided always that the Date of Receipt must fall on or before the Closing Date),

you shall be deemed to have accepted the Offer in respect of all the Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt;

(ii) sign the FAA in accordance with this **Appendix 2** and the instructions printed on the FAA; and

(iii) submit the completed and signed FAA:

(a) **by hand** to Osaki Electric Co., Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807; or

(b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Osaki Electric Co., Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 5.30 p.m. on the Closing Date. If the completed and signed FAA is submitted by post to the Offeror, please use the enclosed pre-addressed envelope and affix adequate postage on the said envelope.

If you have sold or transferred all your Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

1.1.3 Depositors whose Securities Accounts will be credited with Shares. If you have purchased Shares on the SGX-ST after the Despatch Date, and such Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Offer Document together with an FAA.

1.1.4 Acceptance using the FAA for Depositors whose Securities Accounts will be credited with Shares. If you wish to accept the Offer, you should, **after** the “Free Balance” of your Securities Account has been credited with such number of Shares:

- (i) complete and sign the FAA in accordance with **paragraph 1.1.2** of this **Appendix 2** and the instructions printed on the FAA; and
- (ii) submit the completed and signed FAA:
 - (a) **by hand** to Osaki Electric Co., Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Osaki Electric Co., Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 5.30 p.m. on the Closing Date. If the completed and signed FAA is submitted by post to the Offeror, please use the enclosed pre-addressed envelope and affix adequate postage on the said envelope.

1.1.5 Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Shares have not been credited to the “Free Balance” of your Securities Account (for example, where you sell or have sold such Shares), your acceptance will be rejected and none of CDP, Daiwa and the Offeror accept any responsibility or liability for such a rejection, including the consequences of such a rejection. If you purchase Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Shares will be rejected if the “Free Balance” of your Securities Account is not credited with such Shares by 5.00 p.m. on the Date of Receipt (if the FAA is received by CDP prior to the Closing Date) or 5.30 p.m. on the Closing Date (if the FAA is received by CDP on the Closing Date). None of CDP, Daiwa and the Offeror (nor, for the avoidance of doubt, any of the Offeror’s related corporations) accept any responsibility or liability for such a rejection, including the consequences of such a rejection.

1.1.6 Depositors whose Securities Accounts are and will be credited with Shares. If you have Shares credited to your Securities Account, and have purchased additional Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Shares purchased which are in the process of being credited to your Securities Account only **after** the “Free Balance” of your Securities Account has been credited with such number of Shares.

1.1.7 Depository Agents. If you are a depository agent, you may accept the Offer via the SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (the “**Electronic Acceptance**”). Such Electronic Acceptances must be submitted **not later than 5.30 p.m. on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

1.1.8 Depositors who have accepted the Boer Offer. If you have tendered your Shares in acceptance of the Boer Offer and wish to accept the Offer, you will need to withdraw your acceptance of the Boer Offer in accordance with Rule 29 of the Code so that your Shares are credited back to the “Free Balance” of your Securities Account before tendering your Shares in acceptance of the Offer.

As stated in the Boer Offer Document, you may exercise your rights of withdrawal after 14 days from the first closing date of the Boer Offer (i.e. after 2 January 2012), if the Boer Offer has not by then become or been declared to be unconditional as to acceptances. If, however, the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted the Boer Offer may withdraw his acceptance for the Boer Offer immediately.

To exercise your right of withdrawal of the Boer Offer, you must give written notice to PSHL at Profit Sea Holdings Limited c/o The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807. A notice of withdrawal shall be effective only if signed by you or your agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to PSHL within the said notice and when actually received by PSHL. Please refer to the Boer Offer Document for further details on the right of Shareholders to withdraw their acceptances of the Boer Offer.

1.1.9 General. No acknowledgement will be given for submissions of the FAA made to CDP. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares in your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service or through CDP Phone Service if you have a T-PIN.

1.1.10 Suspense Account. Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Shares will be held in the "Suspense Account" until the Offer becomes or is declared to be unconditional in all respects in accordance with its terms and the consideration for such Shares has been despatched to you.

1.1.11 Offer Notification. Upon the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Shares debited from your Securities Account together with payment of the Offer Price by way of a S\$ cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions.

1.1.12 Lapses. In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will return the aggregate number of Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the "Free Balance" of your Securities Account as soon as possible but in any event within 14 days from the lapse of the Offer.

1.1.13 No Securities Account. If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

1.2 Scrip Holders

1.2.1 Shareholders whose Shares are not deposited with CDP. If you hold Shares which are not deposited with CDP ("in scrip form"), you should receive this Offer Document together with an FAT.

1.2.2 FAT. If you are a Shareholder who holds Shares which are not deposited with CDP, but you do not receive the FAT, you may obtain such an FAT upon production of

satisfactory evidence that you are a Shareholder, from (i) Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 or (ii) Daiwa Capital Markets Singapore Limited, 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809. Electronic copies of the FAT may also be obtained from the website of the SGX-ST at www.sgx.com.

1.2.3 Acceptance using the FAT for Shareholders whose Shares are not deposited with CDP. If you wish to accept the Offer, you should:

- (i) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. If you:
 - (a) do not specify a number in Part (A) of the FAT; or
 - (b) specify a number in Part (A) of the FAT which exceeds the number of Shares represented by the attached share certificate(s),you shall be deemed to have accepted the Offer in respect of all the Shares comprised in the share certificate(s) accompanying the FAT;
- (ii) sign the FAT in accordance with this **Appendix 2** and the instructions printed on the FAT; and
- (iii) deliver:
 - (a) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
 - (b) the share certificate(s), other document(s) of title and/or relevant document(s) required by the Offeror relating to the Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Shares but do not have the relevant share certificate(s) relating to such Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT; and
 - (c) where such Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or any person nominated in writing by the Offeror or a person authorised by any of them),

either **by hand** to Osaki Electric Co., Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 or **by post**, in the enclosed pre-addressed envelope at your own risk, to Osaki Electric Co., Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, **in either case so as to arrive not later than 5.30 p.m. on the Closing Date**. If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope and affix adequate postage on the said envelope.

1.2.4 Receipt. No acknowledgement of receipt of any FAT, share certificate(s) or any other document(s) will be given by the Offeror or the Registrar.

1.2.5 Scrip Holders who have accepted the Boer Offer. If you have tendered your Shares in acceptance of the Boer Offer and wish to accept the Offer, you will need to withdraw your acceptance of the Boer Offer in accordance with Rule 29 of the Code before tendering your Shares in acceptance of the Offer.

As stated in the Boer Offer Document, you may exercise your rights of withdrawal after 14 days from the first closing date of the Boer Offer (i.e. after 2 January 2012), if the Boer Offer has not by then become or been declared to be unconditional as to acceptances. If, however, the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted the Boer Offer may withdraw his acceptance for the Boer Offer immediately.

To exercise your right of withdrawal of the Boer Offer, you must give written notice to PSHL at Profit Sea Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623. A notice of withdrawal shall be effective only if signed by you or your agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to PSHL within the said notice and when actually received by PSHL. Please refer to the Boer Offer Document for further details on the right of Shareholders to withdraw their acceptances of the Boer Offer.

1.2.6 Lapses. If the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and any other document(s) will be returned to you as soon as possible but in any event within 14 days of the lapse of the Offer.

2 GENERAL

2.1 Disclaimer

The Offeror, Daiwa, CDP and the Registrar (as the case may be) will be authorised and entitled, at their sole and absolute discretion, to reject any acceptances of the Offer which are not entirely in order or which do not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which are otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects, signed and all required documents, where applicable, are provided. CDP and the Registrar take no responsibility for any decision made by the Offeror or Daiwa. Any decision to accept or reject any acceptance will be final and binding and none of the Offeror, Daiwa, CDP and the Registrar (as the case may be) accept any responsibility or liability for the consequences of such a decision.

2.2 Discretion

The Offeror and Daiwa each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or the Relevant Acceptance Forms, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the instructions printed on the Relevant Acceptance Forms. Any decision to accept or reject any acceptance will be final and binding and none of the Offeror, Daiwa, CDP and the Registrar (as the case may be) accept any responsibility or liability for the consequences of such a decision.

2.3 Scrip and Scripless Shares

If you hold some Shares in scrip form and others with CDP, you should complete an FAT for the former and an FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** if you wish to accept the Offer in respect of all such Shares.

2.4 Acceptances received on Saturday, Sunday or public holidays

Acceptances in the form of the FAA and/or the FAT received by the Offeror, CDP and/or the Registrar, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

2.5 Deposit Time

If you hold share certificate(s) in respect of some or all of your Shares and you wish to accept the Offer in respect of those Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the Despatch Date and ending on the Closing Date (both dates inclusive) as the “Free Balance” of your Securities Account may not be credited with such Shares in time for you to accept the Offer. If you wish to accept the Offer in respect of such Shares, you should complete an FAT and follow the procedures set out in **paragraph 1.2** of this **Appendix 2**.

2.6 Correspondences

All communications, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective address as they appear in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAT, as the case may be, at your own risk).

2.7 Evidence of Title

Delivery of the duly completed and signed FAA and/or the FAT to CDP and/or the Registrar and/or the Offeror, as the case may be, shall be conclusive evidence in favour of CDP, the Registrar and/or the Offeror of the right and title of the person signing it to deal with the same and with the Shares to which it relates.

ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Yoshihide Watanabe	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Representative Director Chairman and CEO
Yoshio Matsui	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Representative Director President and COO
Mitsuyasu Watanabe	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Representative Director Executive Vice President
Yukio Kimura	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Managing Director
Haruyuki Kawabata	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Managing Director
Sumio Takano	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Managing Director
Kazuo Nemoto	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Managing Director
Kuniaki Numazaki	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Toshio Yamanaka	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Satoshi Komazawa	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Shigeru Mizuta	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Hiroyuki Yokoi	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Masakazu Ohata	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director
Hisao Tobusawa	10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan	Director

2. PRINCIPAL ACTIVITIES

The Offeror was established in January 1937 and is listed on the Tokyo Stock Exchange. The Offeror is in the business of (i) measurement and control equipment, (ii) FPD assembling equipment and (iii) real estate.

3. FINANCIAL SUMMARY

3.1 Financial Information. Set out below is certain financial information extracted from the audited consolidated financial statements of the Offeror Group for FY2009, FY2010 and FY2011 respectively (collectively, the “**Offeror Group Financial Statements**”) and the unaudited consolidated financial statements of the Offeror Group for the six months ended 30 September 2011 (the “**Offeror Group Interim 2Q Financial Statements**”).

	2Q FY2012 JPY million	FY2011 JPY million	FY2010 JPY million	FY2009 JPY million
Net sales	21,360	45,975	46,774	50,315
Net extraordinary gains (losses)	(220)	(1,315)	(507)	(1,153)
Income before income taxes and minority interests	1,264	2,838	2,794	3,947
Net income	899	1,020	1,101	947
Minority interests	114	619	320	1,002
Net income per share (JPY)	24.42	27.26	29.40	25.28
Dividends per share (JPY)	–	12.00	12.00	15.00

The above financial information was based on, and should be read together with, the Offeror Group Financial Statements together with the related notes thereto and the Offeror Group Interim 2Q Financial Statements together with the related notes thereto.

3.2 Statement of Assets and Liabilities. A copy of the audited consolidated balance sheet of the Offeror Group as at 31 March 2011 as extracted from the audited consolidated financial statements of the Offeror Group for FY2011 is set out in **Appendix 7** to this Offer Document and a copy of the Offeror Group Interim 2Q Financial Statements is set out in **Appendix 8** to this Offer Document. The audited consolidated balance sheet of the Offeror Group as at 31 March 2011 should be read in conjunction with the audited consolidated financial statements of the Offeror Group for FY2011 and the related notes thereto.

3.3 Documents Available for Inspection. Copies of the Offeror Group Financial Statements and the Offeror Group Interim 2Q Financial Statements are available for inspection at Daiwa’s offices at 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809 during normal business hours for the period for which the Offer remains open for acceptance.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in the Offeror Group Interim 2Q Financial Statements and the making of the Offer, there have been no known material changes in the financial position of the Offeror Group since 31 March 2011, being the date of the last audited accounts of the Offeror laid before the shareholders of the Offeror in general meeting.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror Group as extracted from the notes to the audited consolidated financial statements of the Offeror Group for FY2011 are set out in **Appendix 9** to this Offer Document.

6. CHANGES IN ACCOUNTING POLICIES

Changes in the significant accounting policies of the Offeror Group are set out in the audited consolidated financial statements of the Offeror Group for FY2011 and related notes thereto. Save as disclosed in the audited consolidated financial statements of the Offeror Group for FY2011, there have been no other changes to the significant accounting policies of the Offeror Group as set out in **Appendix 9** to this Offer Document.

7. REGISTERED OFFICE

The registered office of the Offeror is at 10-2, Higashi-Gotanda 2-chome Shinagawa-ku Tokyo 141-8646 Japan.

ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the directors of the Company as at the Latest Practicable Date are as follows:

Name	Address	Description
Lee Phuan Weng	3 Saraca Hill Seletar Hills Estate Singapore 807485	Executive Chairman and Director
Goh Ban Kin	38 Saraca Road Seletar Hills Estate Singapore 807384	Executive Director
Lee Yong Heng	12 Cotswold Close Braddell Heights Estate Singapore 359611	Executive Director
Lawrence Lee Wee Hian	3 Saraca Hill Seletar Hills Estate Singapore 807485	Executive Director and Chief Executive Officer
Lee Kwang Mong	21 Hazel Park Terrace #01-12 Hazel Park Condominium Singapore 678946	Non-Executive Director
Henry Hoe Leong Seng	8 Butterfly Avenue Singapore 349763	Independent Director
Koh Ah Huat	22 Hua Guan Avenue Hong Kong Park Singapore 589118	Independent Director
Tay Teng Tiow	64 Jalan Leban Sembawang Hills Estate Singapore 577601	Independent Director

2. SHARE CAPITAL

As at the Latest Practicable Date and based on information provided by the Company, the Company has an issued and paid-up share capital of S\$77,590,043 comprising 489,151,999 Shares.

3. MATERIAL CHANGES IN FINANCIAL POSITION

To the knowledge of the Offeror, as at the Latest Practicable Date, save as disclosed in any information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST) and in this Offer Document, there are no material changes in the financial position or prospects of the Company since the date of the last balance sheet laid before the Company in general meeting.

4. REGISTERED OFFICE

The registered office of the Company is at 9 Senoko Drive, Singapore 758197.

DISCLOSURES OF HOLDINGS AND DEALINGS IN SHARES

1. HOLDINGS OF SHARES

1.1 Holdings of Shares of Relevant Persons. None of the Relevant Persons own, control or have agreed to acquire any Shares as at the Latest Practicable Date.

1.2 Holdings of Shares of Undertaking Shareholders. The table below sets out the number of Shares held by the Undertaking Shareholders as at the Latest Practicable Date, based on information provided by the Undertaking Shareholders. Save as disclosed below, none of the Undertaking Shareholders own, control or have agreed to acquire any Shares as at the Latest Practicable Date.

Name of Undertaking Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Lee Phuan Weng	35,688,544	7.30	7,761,248 ⁽²⁾	1.59
Ang Lucy	7,761,248	1.59	—	—
Lawrence Lee Wee Hian	10,669,000	2.18	744,000 ⁽³⁾	0.15
Ang Lai See	744,000	0.15	—	—
Lee Yong Heng	46,170,923	9.44	—	—
Lee Kwang Mong	1,082,000	0.22	—	—
Terri Lee Hwee Choo	11,886,000	2.43	—	—
Lee Soo Chin	19,426,810	3.97	—	—
Lee Yong Siang	3,032,000	0.62	—	—
Goh Ban Kin	22,632,514	4.63	10,045,000 ⁽⁴⁾	2.05
Foo Juat Eng	10,045,000	2.05	—	—
Goh Woon Keat	7,146,000	1.46	—	—
Goh Woon Peng	6,170,000	1.26	—	—
Henry Hoe Leong Seng	336,000	0.07	—	—
Koh Ah Huat	168,000	0.03	—	—
Tay Teng Tiow	60,000	0.01	20,000 ⁽⁵⁾	0.00
Hung Cheau Ling	20,000	0.00	—	—

Notes:

- (1) The figures are rounded to two decimal places and are expressed as a percentage of the total number of Shares in issue as at the Latest Practicable Date.
- (2) Lee Phuan Weng is deemed to be interested in 7,761,248 Shares held by his spouse, Ang Lucy.
- (3) Lawrence Lee Wee Hian is deemed to be interested in 744,000 Shares held by his spouse, Ang Lai See.
- (4) Goh Ban Kin is deemed to be interested in 10,045,000 Shares held by his spouse, Foo Juat Eng.
- (5) Tay Teng Tiow is deemed to be interested in 20,000 Shares held by his spouse, Hung Cheau Ling.

2. DEALINGS IN SHARES

2.1 Dealings of Relevant Persons. None of the Relevant Persons have dealt for value in any Shares during the Reference Period.

2.2 Dealings of Undertaking Shareholders. None of the Undertaking Shareholders have dealt for value in any Shares during the Reference Period, save for:

- (i) an Award granted under the SMB Performance Share Plan to Lawrence Lee Wee Hian on 28 October 2011 for which 3,000,000 Shares may be issued;
- (ii) an Award granted under the SMB Performance Share Plan to Lee Kwang Mong on 28 October 2011 for which 3,000,000 Shares may be issued; and
- (iii) an Award granted under the SMB Performance Share Plan to Terri Lee Hwee Choo on 28 October 2011 for which 1,500,000 Shares may be issued.

GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with the Offeror and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders, having any connection with or dependence upon the Offer.
- 1.2 Transfer of Shares.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended or will extend credit facilities to it.
- 1.3 No Payment or Benefit to directors of the Company.** As at the Latest Practicable Date, save as disclosed in this Offer Document, the Offeror is not aware of any agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 No Agreement Conditional Upon Outcome of Offer.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.
- 1.5 Transfer Restrictions.** The Memorandum and Articles of Association of the Company do not contain any restrictions on the right to transfer the Shares.
- 1.6 Indemnity and Other Arrangements.** As at the Latest Practicable Date, save as disclosed in this Offer Document, neither the Offeror nor any party acting in concert with the Offeror has entered into any arrangement with any person of the kind referred to in Note 7 of Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

2. GENERAL

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document and the Relevant Forms of Acceptance (other than professional fees and other costs incurred or to be incurred by the Company relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be borne by the Offeror.
- 2.2 Consent.** Daiwa, as financial adviser to the Offeror, and the Registrar have each given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion of their names and all references to their names in the form and context in which they appear in this Offer Document.

3. MARKET QUOTATIONS

3.1 Closing Prices. The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) (i) on the Latest Practicable Date, (ii) on the Last Trading Day and (iii) on the last Market Day at the end of each of the six calendar months preceding the Offer Announcement Date:

Date	Closing Price per Share (S\$)
(i) 10 January 2012 (the Latest Practicable Date)	0.405
(ii) 27 December 2011 (the Last Trading Day)	0.365
(iii) 30 November 2011	0.315
31 October 2011 ⁽¹⁾	0.300
30 September 2011	0.230
31 August 2011	0.235
29 July 2011	0.240
30 June 2011	0.240

Note:

(1) 31 October 2011 was not a full trading day in the Shares as the Company called for a trading halt in the Shares at 10.15 a.m.

3.2 Highest and Lowest Prices. During the period between the start of the six months preceding the Offer Announcement Date and the Latest Practicable Date, the highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) are as follows:

	Closing Price per Share (S\$)	Date(s)
Highest Closing Price	0.410	5 January 2012
Lowest Closing Price	0.210	11 August 2011

4. DOCUMENTS FOR INSPECTION

4.1 Copies of the following documents may be inspected at Daiwa's registered office at 6 Shenton Way #26-08, DBS Building Tower Two, Singapore 068809 during normal business hours for the period for which the Offer remains open for acceptance:

4.1.1 the Irrevocable Undertakings;

4.1.2 the letters of consent of Daiwa and the Registrar referred to in **paragraph 2.2** of this **Appendix 6**;

4.1.3 the Offeror Group Financial Statements and related notes thereto;

4.1.4 the Offeror Group Interim 2Q Financial Statements and related notes thereto; and

4.1.5 the Offer Announcement.

**BALANCE SHEET OF THE OFFEROR GROUP AS EXTRACTED
FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF THE OFFEROR GROUP FOR FY2011**

Consolidated Balance Sheets

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

March 31, 2010 and 2011

ASSETS	Millions of yen		Thousands of U.S.dollars
	2010	2011	2011
Current assets:			
Cash and cash equivalents (Note 3)	¥ 6,484	¥ 5,912	\$ 71,103
Deposits (Note 3)	6,253	7,285	87,612
Notes and accounts receivable, trade	10,517	11,490	138,188
Finished products	2,008	1,911	22,993
Work in process	1,730	2,190	26,349
Raw materials, purchased components and supplies	2,027	2,115	25,437
Deferred income taxes	959	944	11,356
Other current assets	1,079	1,037	12,476
Allowance for doubtful receivables	(79)	(54)	(652)
Total current assets	30,981	32,833	394,865
Fixed assets:			
Property, plant and equipment			
Buildings and structures	19,093	19,086	229,542
Less-accumulated depreciation	(11,901)	(12,263)	(147,483)
Total buildings and structures	7,191	6,823	82,058
Machinery and equipment	10,605	11,022	132,561
Less-accumulated depreciation	(8,754)	(9,101)	(109,457)
Total machinery and equipment	1,850	1,921	23,103
Land	12,279	12,236	147,162
Construction in progress	206	358	4,308
Other fixed assets	7,050	7,317	88,008
Less-accumulated depreciation	(6,073)	(6,395)	(76,911)
Total other fixed assets	976	922	11,097
Net property, plant and equipment	22,504	22,261	267,729
Intangible assets	657	534	6,425
Investments and other assets			
Investment securities (Note 4)	4,208	3,300	39,692
Deferred income taxes	547	669	8,050
Prepaid pension cost	141	286	3,446
Other assets	2,629	3,172	38,158
Allowance for doubtful receivables	(5)	(7)	(85)
Total investments and other assets	7,520	7,422	89,261
Total fixed assets	30,683	30,218	363,416
TOTAL	¥ 61,665	¥ 63,051	\$ 758,282

See notes to consolidated financial statements

Consolidated Balance Sheets

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

March 31, 2010 and 2011

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S.dollars
	2010	2011	2011
Current liabilities:			
Notes and accounts payable, trade	¥ 3,149	¥ 5,181	\$ 62,311
Short-term debt (Note 5)	650	1,784	21,457
Current portion of bonds (Note 6)	-	4,500	54,119
Accrued income taxes	966	823	9,902
Accrued bonuses allowance	1,211	1,267	15,247
Accrued bonuses allowance for directors	17	15	184
Allowance for product warranties	26	26	320
Allowance for loss of subsidiaries and affiliates	100	-	-
Other current liabilities	4,013	2,671	32,130
Total current liabilities	10,134	16,270	195,672
Long-term liabilities:			
Bonds (Note 6)	4,500	-	-
Long-term bank loans (Note 5)	2,196	505	6,073
Lease obligation	850	1,315	15,817
Long-term accounts payable-other	692	668	8,042
Accrued retirement allowances	912	1,193	14,348
Accrued retirement allowances for directors	198	226	2,725
Consolidation adjusting accounts	1,092	936	11,263
Deferred income taxes	2,415	2,409	28,982
Other long-term liabilities	94	224	2,701
Total long-term liabilities	12,952	7,479	89,954
Total liabilities	23,086	23,749	285,626
Contingent liabilities (Note 7)			
Equity:			
Shareholders' equity			
Common stock:			
Authorized – 100,000,000 shares			
Issued 2011 – 38,550,684 shares and			
Issued 2010 – 38,550,684 shares	4,686	4,686	56,364
Capital surplus	4,768	4,770	57,368
Retained earnings	16,114	16,685	200,663
Treasury stock, at cost:			
1,132,183 shares in 2011 and			
1,125,886 shares in 2010	(499)	(505)	(6,073)
Total shareholders' equity	25,070	25,637	308,322
Valuation and translation adjustments			
Unrealized gains on securities	(45)	(117)	(1,417)
Foreign currency translation adjustments	(462)	(487)	(5,861)
Total valuation and translation adjustments	(507)	(605)	(7,279)
Stock acquisition rights (Note 8)	74	138	1,665
Minority interests	13,941	14,131	169,946
Total equity	38,578	39,301	472,655
TOTAL	¥ 61,665	¥ 63,051	\$ 758,282

See notes to consolidated financial statements

OFFEROR GROUP INTERIM 2Q FINANCIAL STATEMENTS

Consolidated Balance Sheets (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

September 30, 2011 and March 31, 2011

ASSETS	Millions of yen		Thousands of U.S.dollars
	September 30, 2011	March 31, 2011	September 30, 2011
Current assets:			
Cash and cash equivalents (Note 3)	¥ 7,346	¥ 5,912	\$ 95,839
Deposits (Note 3)	1,870	7,285	24,408
Notes and accounts receivable, trade	8,881	11,490	115,869
Finished products	2,650	1,911	34,581
Work in process	3,186	2,190	41,577
Raw materials, purchased components and supplies	2,520	2,115	32,883
Other current assets	2,591	1,981	33,809
Allowance for doubtful receivables	(117)	(54)	(1,531)
Total current assets	28,930	32,833	377,438
Fixed assets:			
Property, plant and equipment (Note 4)			
Buildings and structures	6,708	6,823	87,523
Land	12,246	12,236	159,776
Other fixed assets	3,456	3,202	45,092
Net property, plant and equipment	22,411	22,261	292,391
Intangible assets	519	534	6,781
Investments and other assets			
Investments in securities	3,079	3,300	40,178
Other assets	3,139	4,128	40,952
Allowance for doubtful receivables	(8)	(7)	(116)
Total investments and other assets	6,209	7,422	81,015
Total fixed assets	29,141	30,218	380,188
TOTAL	¥ 58,072	¥ 63,051	\$ 757,627

See notes to consolidated financial statements

Consolidated Balance Sheets (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

September 30, 2011 and March 31, 2011

	Millions of yen		Thousands of U.S.dollars
	September 30, 2011	March 31, 2011	September 30, 2011
LIABILITIES AND EQUITY			
Current liabilities:			
Notes and accounts payable, trade	¥ 5,017	¥ 5,181	\$ 65,457
Short-term debt	1,718	1,784	22,421
Current portion of bonds (Note 5)	4,500	4,500	58,708
Accrued income taxes	283	823	3,695
Accrued bonuses allowance	1,276	1,267	16,653
Accrued bonuses allowance for directors	-	15	-
Allowance for product warranties	23	26	305
Other current liabilities	2,686	2,671	35,048
Total current liabilities	15,505	16,270	202,288
Long-term liabilities:			
Long-term bank loans	415	505	5,414
Accrued retirement allowances	1,271	1,193	16,589
Accrued retirement allowances for directors	181	226	2,369
Consolidation adjusting accounts	858	936	11,200
Deferred income taxes	2,409	2,409	31,439
Other long-term liabilities	2,028	2,208	26,465
Total long-term liabilities	7,165	7,479	93,479
Total liabilities	22,670	23,749	295,768
Contingent liabilities (Note 6)			
Equity:			
Shareholders' equity			
Common stock:			
Authorized – 100,000,000 shares			
Issued September 30, 2011 – 38,550,684 shares and			
Issued March 31, 2011 – 38,550,684 shares	4,686	4,686	61,144
Capital surplus	4,775	4,770	62,301
Retained earnings	17,360	16,685	226,487
Treasury stock, at cost:			
2,899,143 shares in September 30, 2011 and			
1,132,183 shares in March 31, 2011	(1,847)	(505)	(24,103)
Total shareholders' equity	24,974	25,637	325,829
Accumulated other comprehensive income			
Unrealized gains on securities	(248)	(117)	(3,235)
Foreign currency translation adjustments	(476)	(487)	(6,214)
Total accumulated other comprehensive income	(724)	(605)	(9,450)
Stock acquisition rights (Note 7)	191	138	2,503
Minority interests	10,959	14,131	142,976
Total equity	35,401	39,301	461,859
TOTAL	¥ 58,072	¥ 63,051	\$ 757,627

See notes to consolidated financial statements

Consolidated Statements of Income (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S.dollars
	September 30, 2010	September 30, 2011	September 30, 2011
Net sales	¥ 20,487	¥ 21,360	\$ 278,680
Cost of sales	14,672	15,385	200,728
Gross profit	5,815	5,975	77,952
Selling, general and administrative expenses	4,543	4,628	60,390
Operating income	1,271	1,346	17,561
Non-operating income:			
Interest income	18	16	218
Dividend income	58	90	1,186
Amortization of consolidation adjusting accounts	78	78	1,018
Others	76	40	526
	230	226	2,950
Non-operating expenses:			
Interest expenses	26	19	258
Foreign exchange loss	11	11	146
Commitment fee	8	37	494
Others	11	18	236
	58	87	1,135
Ordinary income	1,443	1,485	19,376
Extraordinary gains:			
Gain on sales of memberships	0	17	228
Reversal of doubtful accounts provision	6	-	-
	7	17	228
Extraordinary losses:			
Loss on sales of property, plant and equipment	-	20	270
Loss on disposal of property, plant and equipment	10	55	725
Devaluation of investment securities	-	157	2,057
Devaluation of memberships	-	3	49
Loss on adjustment for changes of accounting standard for asset retirement obligations	154	-	-
	164	237	3,102
Income before income taxes and minority interests	1,285	1,264	16,501
Income taxes			
Current	560	236	3,081
Deferred	46	14	186
	606	250	3,268
Income before minority interests	678	1,014	13,233
Minority interests in consolidated subsidiaries	233	114	1,497
Net income	¥ 444	¥ 899	\$ 11,736

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S.dollars
	September 30, 2010	September 30, 2011	September 30, 2011
Income before minority interests	¥ 678	¥ 1,014	\$ 13,233
Other comprehensive income			
Unrealized gains on securities	(339)	(133)	(1,736)
Foreign currency translation adjustments	(0)	13	170
	<u>(340)</u>	<u>(120)</u>	<u>(1,566)</u>
Comprehensive income	¥ 338	¥ 894	\$ 11,667
Comprehensive income attributable to owners of the parent	108	780	10,183
Comprehensive income attributable to minority interests	230	113	1,484

Consolidated Statements of Cash Flows (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S.dollars
	September 30, 2010	September 30, 2011	September 30, 2011
Cash flows from operating activities:			
Income before income taxes and minority interests			
Adjustments to reconcile net income to net cash provided by operating activities -	¥ 1,285	¥ 1,264	\$ 16,501
Depreciation and amortization	874	953	12,442
Amortization of consolidation adjusting accounts	(78)	(78)	(1,018)
Increase (decrease) in allowance for doubtful receivables	(6)	64	846
Increase (decrease) in accrued bonuses allowance	53	8	113
Increase (decrease) in accrued bonuses allowance for directors	(17)	(15)	(199)
Increase (decrease) in allowance for product warranties	(7)	(3)	(42)
Increase (decrease) in accrued retirement allowances	88	75	985
Increase (decrease) in accrued retirement allowances for directors	4	(45)	(587)
Increase (decrease) in long-term accounts payable-other	(23)	(44)	(579)
Interest and dividend income	(76)	(107)	(1,405)
Interest expenses	26	19	258
(Gain) loss on sales of property, plant and equipment	-	20	270
Loss on disposal of property, plant and equipment	10	55	725
Devaluation of marketable or investment securities	-	157	2,057
(Gain) loss on sales of memberships	(0)	(17)	(228)
Devaluation of memberships	-	3	49
(Increase) decrease in notes and accounts receivable	1,507	2,618	34,162
(Increase) decrease in inventories	(1,630)	(2,135)	(27,859)
Increase (decrease) in notes and accounts payable	32	(169)	(2,214)
Other, net	91	46	612
Interest and dividend received	77	107	1,399
Interest paid	(27)	(20)	(264)
Income taxes paid	(993)	(1,413)	(18,446)
Net cash provided by (used in) operating activities	1,191	1,347	17,579
Cash flows from investing activities:			
Purchase of property, plant and equipment	(648)	(1,188)	(15,499)
Proceeds from sales of property, plant and equipment	-	146	1,914
Purchase of intangible assets	(31)	(97)	(1,274)
Purchase of investment securities	(0)	(162)	(2,124)
Proceeds from sales of investment securities	6	-	-
Proceeds from sales of memberships	5	40	521
Proceeds from refund of long-term deposits	-	1,000	13,046
Decrease (increase) in time deposits	2,000	-	-
Other, net	(28)	(14)	(192)
Net cash provided by (used in) investing activities	1,303	(276)	(3,608)
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	-	84	1,096
Proceeds from long-term bank loans	100	-	-
Payments for long-term bank loans	(343)	(240)	(3,131)
Cash dividends paid	(224)	(224)	(2,932)
Payments for dividends to minority shareholders	(419)	(434)	(5,669)
Purchase of treasury stock	(4)	(1,349)	(17,607)
Purchase of treasury stock of subsidiaries in consolidation	-	(2,850)	(37,194)
Other, net	(27)	(33)	(438)
Net cash provided by (used in) financing activities	(918)	(5,049)	(65,876)
Effect of exchange rate changes on cash and cash equivalents	(3)	(1)	(22)
Net increase (decrease) in cash and cash equivalents	1,572	(3,980)	(51,927)
Cash and cash equivalents at beginning of year	10,738	13,197	172,175
Cash and cash equivalents at end of year (Note 3)	¥ 12,310	¥ 9,217	\$ 120,248

See notes to consolidated financial statements

Notes to Consolidated Financial Statements (Unaudited)

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

1. Summary of significant accounting policies

Osaki Electric Co., Ltd. (the "Company") and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domiciles.

(a) Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements include the accounts of the Company and those of its majority-owned subsidiary companies. All intercompany transactions and accounts are eliminated.

(b) Foreign currency translation

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity, which are translated at their historical exchange rates. Also, income and expense accounts are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign currency translation adjustments are presented as a component of shareholders' equity and minority interests in its consolidated financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(d) Marketable securities

Investments in securities with market quotations are stated at fair value, which represents the market prices at the balance sheet date. (Unrealized gain / loss are included as a separate component in shareholders' equity, net of tax, while cost is determined by the moving average method). Investments in securities without market quotations are stated at cost, which is determined by the moving average method.

(e) Inventories

Finished products and work in process are stated at cost, which is principally determined by the moving average method or the periodic average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets). Individual order products are stated at cost, which is determined by the identified cost method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets). Raw materials, purchased components and supplies are stated at cost, which is principally determined by the moving average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is principally computed on the declining-balance method for the Company and Japanese subsidiaries and on the straight-line method for foreign subsidiary companies at rates based on estimated useful lives of the assets as prescribed by Japanese tax law.

(g) Intangible assets

Intangible assets are amortized by the straight-line method. However, the software for internal use is amortized over an estimated useful life (5 years) by the straight-line method.

(h) Finance lease

The finance lease transactions without transferring the right of ownership processed under the accounting standards for general purchase and sale transactions. The Company adopted the straight-line method for the depreciation of lease assets under a finance lease transaction without transferring the right of ownership with the leasing period as a useful life and a residual value as zero.

(i) Allowance for doubtful receivables

Allowance for doubtful receivables is calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using historical write-off experience ratios from certain prior periods.

(j) Accrued bonuses allowance

To prepare for the payment of bonus to employees, an allowance is added up in consideration of the estimated amount of payment.

(k) Accrued retirement allowances

To prepare for the payment of employee retirement allowance, the Company and its consolidated subsidiaries provide accrued retirement allowance based on projected benefits obligations and the fair value of pension assets at the end of this consolidated fiscal year. Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of this consolidated fiscal year, and this excess amount is recorded as the prepaid pension cost in investments and other assets. Actuarial differences are charged to expenses from next consolidated fiscal year using a straight-line method based on determined years (principally 10 years) within the average remaining years of service of employees when incurred.

(l) Accrued retirement allowances for directors

Three consolidated subsidiaries recorded an allowance for retirement benefits for directors equivalent to the amount payable at the end of the consolidated fiscal year under review, in accordance with the rules for retirement benefits for directors.

(m) Additional information

The Company has adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and error corrections made from April 1, 2011, onward.

2. U.S.Dollar amounts

U.S.dollar amounts presented in the financial statements are included solely for the convenience of the reader. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S.dollars. As the amounts shown in U.S.dollars are for convenience only, the rate of ¥76.65 = U.S.\$1.00, the approximate current rate at September 30, 2011, has been used for the purpose of presentation of the U.S.dollar amounts in the accompanying consolidated financial statements.

3. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Millions of yen		Thousands of
	September 30, 2010	September 30, 2011	U.S.dollars
Cash and cash equivalents in the balance sheets	¥ 5,544	¥ 7,346	\$ 95,839
Deposits	6,766	1,870	24,408
Cash and cash equivalents in the cash flows statements	12,310	9,217	120,248

4. Accumulated depreciation

Accumulated depreciation comprise the following:

	Millions of yen		Thousands of
	September 30, 2011	March 31, 2011	U.S.dollars
Property, plant and equipment	¥ 28,171	¥ 27,759	\$ 367,531

5. Bonds

Bonds comprise the following:

	Millions of yen		Thousands of
	September 30, 2011	March 31, 2011	U.S.dollars
Unsecured zero coupon convertible bonds in yen, due March 2012	¥ 4,500	¥ 4,500	\$ 58,708

6. Contingent liabilities

Contingent liabilities comprise the following:

	Millions of yen		Thousands of
	September 30, 2011	March 31, 2011	U.S.dollars September 30, 2011
Guarantee amounts	¥ 89	¥ 100	\$ 1,166

7. Stock acquisition rights

Stock acquisition rights comprise the following:

	Millions of yen		Thousands of
	September 30, 2011	March 31, 2011	U.S.dollars September 30, 2011
Stock acquisition rights as the stock options	¥ 191	¥ 138	\$ 2,503

8. Segment information

The business of the Company and its consolidated subsidiaries is divided into the following three categories.

Measurement and control equipments:

Watt-hour meters, Current limiter, Instrument VCT, Distribution panels & Supervisory control boards, Time switches, Optical communication device, Meter reading systems.

FPD Assembling equipments:

LCD assembling equipment, PDP assembling equipment, RFID related assembling equipment (IC card and IC tag), Semi-conductor assembling equipment.

Real estate: Estate for rent

Business segments –

Millions of yen						
Six months ended September 30, 2010						
	Measurement and control equipments	FPD assembling equipments	Real estate	Total	Elimination	Consolidated
Sales to customers	¥ 18,763	¥ 1,539	¥ 184	¥ 20,487	-	¥ 20,487
Intersegment sales	11	-	55	66	(66)	-
Total sales	18,774	1,539	239	20,554	(66)	20,487
Operating income	1,176	(0)	89	1,265	6	1,271

The segment income is adjusted by provision of allowance for doubtful accounts.

Millions of yen						
Six months ended September 30, 2011						
	Measurement and control equipments	FPD assembling equipments	Real estate	Total	Elimination	Consolidated
Sales to customers	¥ 20,103	¥ 1,079	¥ 177	¥ 21,360	-	¥ 21,360
Intersegment sales	14	-	57	71	(71)	-
Total sales	20,118	1,079	234	21,432	(71)	21,360
Operating income	1,327	(77)	95	1,346	-	1,346

Thousands of U.S.dollars						
Six months ended September 30, 2011						
	Measurement and control equipments	FPD assembling equipments	Real estate	Total	Elimination	Consolidated
Sales to customers	\$ 262,280	\$ 14,081	\$ 2,318	\$ 278,680	-	\$ 278,680
Intersegment sales	186	-	746	933	(933)	-
Total sales	262,467	14,081	3,065	279,614	(933)	278,680
Operating income	17,317	(1,005)	1,249	17,561	-	17,561

SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP AS EXTRACTED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR GROUP FOR FY2011

Notes to Consolidated Financial Statements

Osaki Electric Co., Ltd. and Consolidated Subsidiaries

1. Summary of significant accounting policies

Osaki Electric Co., Ltd. (the "Company") and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domiciles.

(a) Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements include the accounts of the Company and those of its majority-owned subsidiary companies. All intercompany transactions and accounts are eliminated.

(b) Foreign currency translation

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity, which are translated at their historical exchange rates. Also, income and expense accounts are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign currency translation adjustments are presented as a component of shareholders' equity and minority interests in its consolidated financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(d) Marketable securities

Investments in securities with market quotations are stated at fair value, which represents the market prices at the balance sheet date. (Unrealized gain / loss are included as a separate component in shareholders' equity, net of tax, while cost is determined by the moving average method). Investments in securities without market quotations are stated at cost, which is determined by the moving average method. The amortized cost method with straight-line amortization is applied to held-to-maturity securities.

(e) Inventories

Finished products and work in process are stated at cost, which is principally determined by the moving average method or the periodic average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets). Individual order products are stated at cost, which is determined by the identified cost method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets). Raw materials, purchased components and supplies are stated at cost, which is principally determined by the moving average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is principally computed on the declining-balance method for the Company and Japanese subsidiaries and on the straight-line method for foreign subsidiary companies at rates based on estimated useful lives of the assets as prescribed by Japanese tax law.

(g) Intangible assets

Intangible assets are amortized by the straight-line method. However, the software for internal use is amortized over an estimated useful life (5 years) by the straight-line method.

(h) Finance lease

The finance lease transactions without transferring the right of ownership processed under the accounting standards for general purchase and sale transactions. The Company adopted the straight-line method for the depreciation of lease assets under a finance lease transaction without transferring the right of ownership with the leasing period as a useful life and a residual value as zero.

(i) Allowance for doubtful receivables

Allowance for doubtful receivables is calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using historical write-off experience ratios from certain prior periods.

(j) Accrued bonuses allowance

To prepare for the payment of bonus to employees, an allowance is added up in consideration of the estimated amount of payment.

(k) Accrued bonuses allowance for directors

At one consolidated subsidiaries, to prepare for the payment of bonus to directors, an allowance is added up in consideration of the estimated amount of payment.

(l) Accrued retirement allowances

To prepare for the payment of employee retirement allowance, the Company and its consolidated subsidiaries provide accrued retirement allowance based on projected benefits obligations and the fair value of pension assets at the end of this consolidated fiscal year. Additionally, the pension assets of the Company exceeded retirement allowance liabilities at the end of this consolidated fiscal year, and this excess amount is recorded as the prepaid pension cost in investments and other assets. Actuarial differences are charged to expenses from next consolidated fiscal year using a straight-line method based on determined years (principally 10 years) within the average remaining years of service of employees when incurred.

(m) Accrued retirement allowances for directors

Three consolidated subsidiaries recorded an allowance for retirement benefits for directors equivalent to the amount payable at the end of the consolidated fiscal year under review, in accordance with the rules for retirement benefits for directors.

(n) Application of "Accounting Standard for Asset Retirement Obligations"

Effective from this consolidated fiscal year, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). As a result, the operating income and ordinary income of this consolidated fiscal year would decrease by 2 million yen respectively, and income before income taxes and minority interests would decrease by 156 million yen.

(o) Application of "Accounting Standard for Presentation of Comprehensive Income"

Effective from this consolidated fiscal year, the Company has applied "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, June 30, 2010). Please note that the amount of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" in the previous consolidated fiscal year is stated as the amount of "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

(p) Application of "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"

From this consolidated fiscal year, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17 issued on March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008).

