TADANO

2011 ANNUAL REPORT

Lifting your dreams

TADANO

Cranes have long contributed to the development of towns, cities, and nations and ultimately to the foundations for an affluent future. The history of hydraulic cranes in Japan started in 1955 with the TADANO's development of the OC-2 truck crane.

We started exporting our products overseas in 1960 and created our first overseas subsidiary in 1973. Since then, TADANO has been advancing along with the worldwide development of business and established a solid international position in the field of hydraulic cranes.

Now TADANO is aiming to achieve a new growth trajectory by expanding business and domain to become the No.1 manufacturer of Lifting Equipment. Not only in cranes, but in machinery and equipment reflecting the concept of mobile, gravity-defying equipment for aerial work, that is Lifting Equipment.

TADANO's objective is to forge a new trajectory of growth, achieve true globalization, and become a respected enterprise around the world for generations to come.

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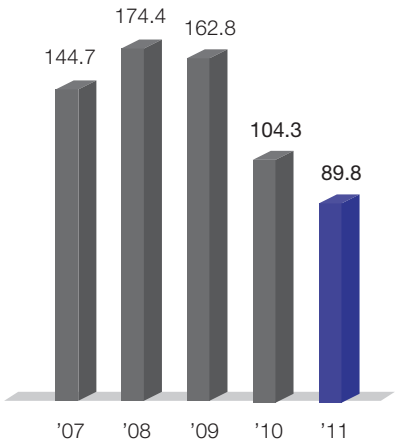
FINANCIAL HIGHLIGHTS

TADANO Ltd. and consolidated subsidiaries
Years ended March 31, 2011 and 2010

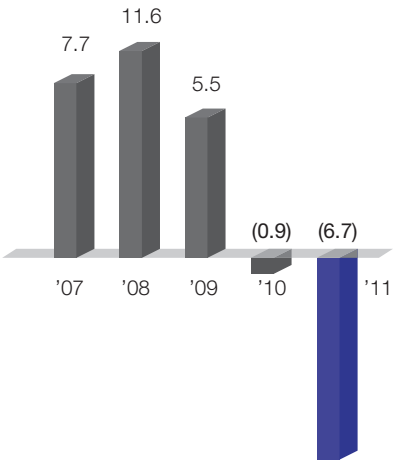
	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Net sales	**¥ 89,808**	¥104,251	**$1,082,024**
Operating income	**(3,734)**	612	**(44,988)**
Net income (loss)	**(6,722)**	(896)	**(80,988)**
Total assets	**146,166**	159,875	**1,761,036**
Net property, plant and equipment	**34,565**	36,934	**416,446**
Total equity	**75,595**	84,609	**910,783**
	Yen		U.S. dollars
Per share of common stock:			
Basic net income	**¥ (52.90)**	¥ (7.05)	**$ (0.64)**
Cash dividends	**3.00**	8.00	**0.04**

Note: U.S. dollar figures have been translated into yen at the rate of ¥83 = US$1 for convenience only.

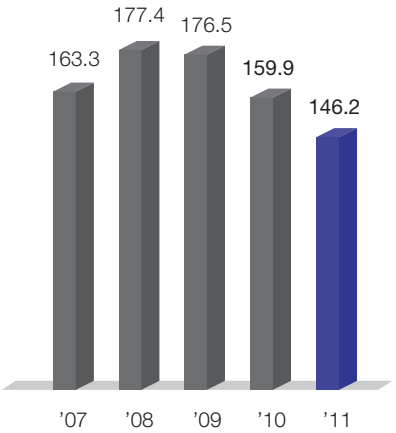
Net sales (Billions of yen)



Net income (Billions of yen)



Total assets (Billions of yen)



TO OUR SHAREHOLDERS

Koichi Tadano
President and C.E.O., Representative Director

TADANO Ltd. the parent company of the TADANO Group was founded as an independent enterprise in 1919. In 1948, following the conclusion of World War II, we recommenced business as a joint-stock company led by Masuo TADANO with only four employees and paid-in capital of ¥500,000.

TADANO believes the genuine value of a company lies in its contribution to society and that any monetary profit the corporation earns must be the result of activities that benefit society. Based on this corporate philosophy, and in the spirit of cooperation between management and employees, the Company has contributed to society as a pioneer in the field of hydraulic cranes.

By adhering to this sound corporate philosophy, TADANO has grown into a group that now encompasses 25 subsidiaries and 3 affiliates.

The history of TADANO is, in effect, the history of the hydraulic crane industry in Japan.

This report outlines the Group's operating environment, business activities and performance on a consolidated basis for the fiscal year ended March 31, 2011.

▶ Overview

While the Japanese economy saw improving corporate revenue and recovering capital investment during this fiscal year, employment conditions remained harsh. The economy began to stagnate in the fall due to various factors, including a strengthening yen and the fading effects of economic stimulus measures. The Great Tohoku Earthquake struck at a time when exports and production showed signs of recovery, starting from the end of the calendar year, and when the economy itself was showing signs of self-sustaining recovery, albeit weak.

Domestic demand for construction cranes recovered, albeit weakly. While demand showed signs of recovery in certain markets, general overseas demand in the key markets of Europe and North America fell by one-half.

Amid such dramatic changes in economic conditions, the TADANO Group has sought to secure sales by expanding market share; cut costs through continued Super Value Engineering (SVE) activities; cut total labor costs; and thoroughly reduced expenses and rationalized inventories. At the end of the fiscal year, part of the Shido Plant's production lines ceased operating for one week due to parts-procurement difficulties resulting from the Great Tohoku Earthquake.

Led by growth in construction crane sales, truck loader cranes, and aerial work platforms, domestic sales rose 7.2% over the previous fiscal year to 51,530 million yen. Plummeting demand, intensifying competition, and a stronger yen resulted in a dramatic decline in overseas sales to 38,277 million yen, down 31.9 % from the previous fiscal year. Total sales fell 13.9% from the previous fiscal year to 89,807 million yen. Overseas sales accounted for 42.6% of total sales.

Despite efforts to reduce total labor costs and cut expenses, declining gross margins attributable to declining sales, combined with falling sale prices, rising raw material costs, and falling operating ratios resulted in operating losses of 3,733 million yen, compared to operating profits of 612 million yen for the previous fiscal year. Net losses totaled 6,722 million yen, compared to net losses of 895 million yen for the previous fiscal year, in part due to the booking of 1,981 million yen in Write-down of investment securities; impairment losses of 1,689 million yen, mainly in connection with U.S. subsidiary TADANO MANTIS Corp.; and extraordinary losses, including 1,239 million yen in losses due to reforms in the retirement benefits system.

▶ Outlook for the Next Term

Despite concerns about the effects of the Great Tohoku Earthquake and possible summertime electric power shortages, we expect the Japanese economy to overcome declines in production experienced during the first half of the fiscal year and to begin moving toward recovery in the second half, backed by growth in exports and demand from earthquake recovery efforts. Overseas, the U.S. economy is projected to see a gentle recovery. The European economy is also projected to recover, while emerging markets such as China are expected to continue driving the world economy.

In the markets in which the TADANO Group operates, despite sluggish recovery in European markets, we expect overseas demand to recover as North American markets begin to recover and various projects, including energy-related projects, drive demand for construction cranes, the Group's primary product. We expect scheduled equipment replacements to lead to some recovery in domestic demand. Although domestic demand for truck loader cranes is expected to fall, domestic demand for aerial work platforms is projected to recover.

Under its “11-13” medium-term business plan taking effect from the 2011 fiscal year, the TADANO Group will seek to be an enterprise capable of adapting to structural changes in markets and of withstanding market fluctuations. The Group will do this by implementing the following seven strategies, grouped into three business strategies, two competitiveness strategies, and two infrastructure strategies.

1) Operating strategies:
(i) Making Inroads into Strategic Markets,
(ii) Developing Eco-Friendly Products,
(iii) Developing Large LE Products

2) Competitive strategies:
(i) Enhancing Cost Competitiveness,
(ii) Improving Quality and Service

3) Fundamental strategies:
(i) Enhancing Monozukuri (manufacturing) capabilities,
(ii) Globalizing Our Organization and Human Resources

July 2011

Koichi Tadano
President and C.E.O.,
Representative Director

REVIEW OF OPERATIONS

▶ Mobile Cranes

Efforts to identify new demand amid a weak demand recovery resulted in domestic sales of 19,866 million yen, up 6.2% from the previous fiscal year.

A rapid decline in demand and a stronger yen led to overseas sales of 27,574 million yen, down 41.3% from the previous fiscal year.

Construction crane sales totaled 47,440 million yen, down 27.8% from the previous fiscal year.

▶ Truck Loader Cranes

As demand for trucks recovered due to developments such as growing demand for improved emissions performance, efforts to expand sales of new models offering improved mileage and quality resulted in a 12.1% increase in domestic sales of truck loader cranes over the previous fiscal year to 7,148 million yen.

Overseas sales rose from 432 million yen for the previous fiscal year to 988 million yen this year, thanks to efforts to expand sales in CIS, Southeast Asia, and other markets.

Sales of truck loader cranes totaled 8,137 million yen, up 19.5% from the previous fiscal year.

▶ Aerial Work Platforms

Despite weak demand in the telecommunications sector and largely unchanged demand in the power and electric sectors, sales of aerial work platforms rose 21.8% from the previous fiscal year to 10,088 million yen, mainly in the Japanese market, due to efforts to expand market share. Demand in the rental industry sector also rose.

▶ Others

Sales of parts, repairs, used cranes, and other products and services were 24,141 million yen, up 3.0% from the previous fiscal year.

▶ Overseas Operations

As in fiscal 2009, overseas demand for construction cranes remained sluggish during the fiscal year under review. Various factors contributed to this trend, including intensifying competition attributable to declining demand for cranes in the European, American, Middle Eastern, and African markets, and the strength of the yen on international currency markets.

In particular, the main European and American markets showed significant declines during the fiscal year under review. Overseas demand for construction cranes dropped to roughly one-half the levels seen in fiscal 2009.

A counterbalancing trend toward recovery was apparent in Central and South American markets, primarily in Brazil, as well as in CIS markets, primarily Russia, where investment in resource development increased, and investment in infrastructure ramped up in preparation for the Olympics and the World Cup.

Under these conditions, the TADANO Group registered a significant decline in overseas sales during the fiscal year under review. The overseas sales ratio fell from 53.9% in fiscal 2009 to 42.6% in the fiscal year under review.

AT-150S
Aerial work platform

▶ Research and Development Activities

The TADANO Group (TADANO Ltd. and its consolidated subsidiaries) conducts most of its research and development at TADANO Ltd.'s R&D Division, which is comprised of the Development Department, Development and Planning Department and the Technology Research Center.

The R&D Division develops cranes, aerial work platforms, and applied products for both domestic and overseas markets, while pursuing applied research into innovative, cutting-edge technologies. For the consolidated fiscal year under review, total expenditures for the TADANO Group for R&D activities, including R&D material costs, personnel costs, and other costs, were ¥3,727 million.

Summarized below are R&D activities by business sector for the consolidated fiscal year under review.

(1) Japan

• In the area of All Terrain Cranes, we will continue to expand sales of the AR-5500M, a model well-regarded by customers, taking steps to meet emissions restrictions, including introducing an engine that complies with the Euromot IIIA standard.

• In our Truck Loader Crane business, we have developed models for mounting on large trucks as part of the Zest series (ZE500 series). The newly-developed Eco Winch gives this series the highest fuel efficiency in its class. We are currently working energetically to expand sales of this series.

• We have developed two new models of Rough Terrain Cranes (the GR-1000XL and the GR-750XL), which boast the largest boom capacity of cranes in their class. New environmentally-friendly measures to curb CO2 emissions and fuel consumption and on-board information and communications systems will help make these models leaders in the rough terrain crane market.

• We also developed three new models of Rough Terrain Cranes: the GR-300EX, the GR-550EX, and the GR-700EX. All three models comply with the European EN13000 standard and feature improved cab accessibility, and, thanks to improved AML controls and other features, enhanced safety. We are currently working to expand sales of these models.

• In the area of car transporters, we developed the S-RIDE Hybrid slide carrier, the first in the industry to offer two power modes: electric mode and PTO mode. When operating in electric power mode, the S-RIDE Hybrid achieves zero carbon dioxide emissions and zero fuel consumption.

• In the area of aerial work platforms, we developed the AT-320TG, the largest telescopic model to require no more than a medium-class crane operator's license. The model ensures the largest available load capacity for loading generators and other equipment. We are currently expanding sales of this model in the aerial work platform market, subject of operation at extreme heights.

• We have also added an optional feature of curbing the engine idle to the AT-121TG. We are striving to expand sales of this model as an eco-friendly aerial work platform consuming 20% less fuel than current models during operation.

(2) Europe

• In the Japanese market, we developed the ATF130G-5 All Terrain Crane, the fourth in our series of global models. We are seeking to expand market sales for this particular model, which meets customer needs in various fields of operation, including simplifying dismantling for transportation, as well as offering the largest boom capacity in its class.

• We have also developed the ATF70G, which currently holds a high share of the four-axle, all terrain crane market. We are working energetically to expand sales of this model, which features the largest boom capacity in its class, primarily in European markets.

(3) Americas

• We have developed the GTC-1000EX Crawler Crane, which boasts the highest available lifting capacity (100 tons/2.5 meters). We are deploying multifaceted sales activities for this model, not just in the traditional civil engineering market, but in the crane rental market.

(4) Other markets

• There were no notable developments in other markets.

GTC-1000EX
Telescopic Crawler Crane

ATF130G-5 all terrain crane introduced

With the goal of supplying the global market, TADANO in August 2010 introduced the ATF130G-5 (130-ton lifting capacity) all terrain crane, a global strategic model developed jointly by TADANO and FAUN GmbH, a wholly-owned subsidiary based in Germany.

This marks the fourth in a series of global strategic models, following the ATF160G-5 introduced in 2006, the ATF220G-5 introduced in 2008, and the ATF360G-6 introduced in February 2010.

In addition to meeting the full range of customer needs, this eco-friendly model features an engine that meets all European emissions restrictions, said to be the world's most stringent.

Three models exhibited at Bauma China 2010, one of the world's three major construction equipment trade shows

Bauma China 2010 was held in Shanghai, China, in November 2010.

TADANO exhibited three models: the GR-600N four-axle rough terrain crane, the GT-1000E truck crane, a new model from BQ-TADANO (BEIJING) CRANE Co., Ltd., the TADANO Group's truck crane manufacturing base in the China market, and the GT-550E, which also targets markets outside the China region—the prime effect of which highlighted our status as a leading firm in the lifting equipment (LE) market.

New rough terrain cranes introduced for overseas markets

At Conexpo 2011 held in the United States in March 2011, TADANO introduced two new rough terrain crane models for overseas markets: the GR-750XL-2 (75-ton lifting capacity) and the GR-1000XL-2 (100-ton lifting capacity). Conexpo is one of the world's three major construction equipment trade shows.

In addition to a round boom structure that significantly improves performance, the new models feature the HELLO-NET information and communications service first introduced in Japan and environmentally-friendly fuel consumption monitoring. In addition, TADANO exhibited a total of seven models at Conexpo 2011, which were all well received by Conexpo attendees.

Manufacturing, sales, and service joint venture company established in Brazil

In April 2011, TADANO established TADANO BRASIL EQUIPAMENTOS DE ELEVACAO LTDA. in São Paulo, Brazil, as a joint venture with Brazilian distributor T.D.B. do Brasil Industria e Comercio Ltda.

In addition to importing, selling, and servicing completed cranes, TADANO BRASIL EQUIPAMENTOS DE ELEVACAO LTDA. will function as a manufacturing base, importing unfinished products and assembling them into completed cranes in Brazil. Together with the Panama Office of TADANO America Corporation, it will play a major role in TADANO Group's Central and South American strategy.

ATF130G-5
All Terrain Crane

GR-1000XL
Rough Terrain Crane

BOARD OF DIRECTORS, OFFICERS AND STATUTORY AUDITORS

From left (standing):
Nobuhiko Ito
Tamaki Okuyama
Yoichiro Nishi
Yasuyuki Yoshida

From left (seated):
Tadashi Suzuki
Koichi Tadano
Shuji Oyabu

BOARD OF DIRECTORS

President and C.E.O., Representative Director
Koichi Tadano

Director and Senior Executive Officer
Tadashi Suzuki

Director and Executive Officer
Shuji Oyabu
Tamaki Okuyama
Yoichiro Nishi

Directors
Nobuhiko Ito*
Yasuyuki Yoshida*

OFFICERS

Executive Officers
Alexander Knecht
Hisao Kitano
Shinichi Iimura

Officers
Cheng Jian
Hidemi Uchida
Kenichi Sawada
Chikashi Kawamoto
Toshiyuki Takanashi
Hiroyuki Fujino
Akihiko Kitamura
Hiroyuki Takaki
Yuji Tadano
Yo Kakinuma

STATUTORY AUDITORS

Full-time Corporate Auditors
Masaharu Nakanishi
Yoshihito Kodama
Hirofumi Ishikawa*

Corporate Auditors
Yuichiro Miyake*

* The sign is an outside director and an outside auditor.

CONSOLIDATED BALANCE SHEETS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 30,368**	¥ 30,823	**$ 365,880**
Short-term investments (Note 14)	**10**	10	**120**
Notes and accounts receivable (Notes 3 and 14):			
Trade	**30,123**	31,002	**362,928**
Unconsolidated subsidiaries and affiliates	**376**	709	**4,530**
Allowance for doubtful accounts	**(666)**	(959)	**(8,024)**
Inventories (Note 5)	**30,771**	39,132	**370,735**
Deferred tax assets (Note 10)	**1,912**	2,244	**23,036**
Other current assets	**3,755**	5,006	**45,241**
Total current assets	**96,649**	107,967	**1,164,446**
Property, plant and equipment (Note 6):			
Land	**19,755**	19,889	**238,012**
Buildings and structures	**28,647**	29,118	**345,145**
Machinery and equipment	**14,394**	14,563	**173,422**
Lease assets	**618**	528	**7,446**
Construction in progress	**14**	99	**169**
Total	**63,428**	64,197	**764,194**
Accumulated depreciation	**(28,863)**	(27,263)	**(347,748)**
Net property, plant and equipment	**34,565**	36,934	**416,446**
Investments and other assets:			
Investment securities (Notes 4 and 14)	**5,569**	6,054	**67,096**
Investments in unconsolidated subsidiaries and affiliates	**1,797**	1,817	**21,651**
Deferred tax assets (Note 10)	**5,999**	3,621	**72,277**
Other assets	**1,587**	3,482	**19,120**
Total investments and other assets	**14,952**	14,974	**180,144**
Total	**¥ 146,166**	¥ 159,875	**$1,761,036**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 7 and 14)	**¥ 3,971**	¥ 5,336	**$ 47,843**
Current portion of long-term debt (Notes 7 and 14)	**4,125**	4,842	**49,699**
Notes and accounts payable (Note 14)			
Trade notes	**2,750**	1,838	**33,133**
Trade accounts	**14,312**	12,649	**172,434**
Unconsolidated subsidiaries and affiliates	**64**	38	**771**
Income taxes payable (Note 14)	**318**	384	**3,831**
Deferred gross profit on installment sales	**632**	1,044	**7,614**
Accrued product warranties	**879**	1,043	**10,590**
Other current liabilities	**3,025**	3,506	**36,446**
Total current liabilities	**30,076**	30,680	**362,361**
Long-term liabilities:			
Long-term debt (Notes 7 and 14)	**32,094**	36,376	**386,675**
Liability for retirement benefits (Note 8)	**4,880**	4,705	**58,795**
Deferred tax liabilities (Note 10)	**219**	198	**2,639**
Deferred tax liabilities on land revaluation	**2,804**	2,804	**33,783**
Other long-term liabilities	**498**	503	**6,000**
Total long-term liabilities	**40,495**	44,586	**487,892**
Commitments and contingent liabilities (Note 11)			
Equity (Notes 9 and 19):			
Common stock ;			
Authorized — 400,000,000 shares in 2011 and 2010			
Issued —129,500,355 shares in 2011 and 2010	**13,022**	13,022	**156,892**
Capital surplus	**16,849**	16,853	**203,000**
Retained earnings	**52,693**	59,808	**634,855**
Treasury stock — at cost			
2,496,283 shares in 2011 and 2,398,969 shares in 2010	**(2,206)**	(2,167)	**(26,578)**
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	**559**	(222)	**6,735**
Land revaluation difference	**(57)**	(69)	**(687)**
Foreign currency translation adjustments	**(5,853)**	(3,290)	**(70,518)**
Total	**75,007**	83,935	**903,699**
Minority interests	**588**	674	**7,084**
Total equity	**75,595**	84,609	**910,783**
Total	**¥146,166**	¥159,875	**$1,761,036**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Net sales	¥ 89,808	¥104,251	$1,082,024
Cost of sales	74,475	83,756	897,289
Gross profit before net change in deferred gross profit on installment sales	15,333	20,495	184,735
Net change in deferred gross profit on installment sales	412	607	4,964
Gross profit	15,745	21,102	189,699
Selling, general and administrative expenses (Note 12)	19,479	20,490	234,687
Operating income (loss)	(3,734)	612	(44,988)
Other income (expenses):			
Interest and dividend income	382	506	4,602
Interest expense	(719)	(746)	(8,663)
Gain on sales of investment securities	1		12
Write-down of investment securities	(1,982)		(23,880)
Gain (Loss) on sale or disposal of property, plant and equipment	(20)	19	(241)
Impairment loss (Note 6)	(1,690)	(836)	(20,361)
Reversal of allowance for doubtful accounts	292	349	3,518
Subsidy from the government	76	328	916
Foreign exchange loss	(279)	(371)	(3,361)
Loss on revision of retirement benefit plan (Note 8)	(1,239)		(14,928)
Other-net	70	(34)	844
Other expenses-net	(5,108)	(785)	(61,542)
Loss before income taxes and minority interests	(8,842)	(173)	(106,530)
Income taxes (Note 10):			
Current	506	614	6,096
Deferred	(2,619)	(20)	(31,554)
Total income taxes	(2,113)	594	(25,458)
Net loss before minority interests	(6,729)		(81,072)
Minority interests	7	(129)	84
Net loss	¥ (6,722)	¥ (896)	$ (80,988)

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.u and 18):			
Basic net loss	¥ (52.90)	¥ (7.05)	$ (0.64)
Cash dividends applicable to the year	3.00	8.00	0.04

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Net loss before minority interests	¥ (6,729)	$ (81,072)
Other Comprehensive income (Note 16):		
Unrealized gain on available-for-sale securities	781	9,410
Foreign currency translation adjustments	(2,605)	(31,386)
Total other comprehensive loss	(1,824)	(21,976)
Comprehensive loss	¥ (8,553)	$ (103,048)
Total Comprehensive loss attributable to (Note 16):		
Owners of the parent	¥ (8,505)	$ (102,470)
Minority interests	(48)	(578)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2011 and 2010

	Thousands	Millions of yen										
						Accumulated other comprehensive income						
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total	Minority Interests	Total Equity
Balance, April 1, 2009	127,127	¥ 13,022	¥ 16,857	¥ 62,357	¥ (2,159)	¥ (196)	¥ 5	¥ (69)	¥ (3,700)	¥ 86,117	¥ 344	¥ 86,461
Net loss				(896)						(896)		(896)
Cash dividends, ¥13.00 per share				(1,653)						(1,653)		(1,653)
Repurchase of treasury stock	(34)				(15)					(15)		(15)
Disposal of treasury stock	8		(4)		7					3		3
Net changes in the year						(26)	(5)		410	379	330	709
Balance, March 31, 2010	127,101	13,022	16,853	59,808	(2,167)	(222)		(69)	(3,290)	83,935	674	84,609
Net loss				(6,722)						(6,722)		(6,722)
Cash dividends, ¥3.00 per share				(381)						(381)		(381)
Repurchase of treasury stock	(106)				(47)					(47)		(47)
Disposal of treasury stock	9		(4)		8					4		4
Land revaluation difference				(12)						(12)		(12)
Net changes in the year						781		12	(2,563)	(1,770)	(86)	(1,856)
Balance, March 31, 2011	127,004	¥ 13,022	¥ 16,849	¥ 52,693	¥ (2,206)	¥ 559		¥ (57)	¥ (5,853)	¥ 75,007	¥ 588	¥ 75,595

	Thousands of U. S. Dollars (Note 1)										
Balance, March 31, 2010	$156,892	$203,048	$720,578	$ (26,108)	$ (2,675)		$ (831)	$ (39,639)	$1,011,265	$ 8,120	$1,019,385
Net loss			(80,988)						(80,988)		(80,988)
Cash dividends, $0.04 per share			(4,590)						(4,590)		(4,590)
Repurchase of treasury stock				(566)					(566)		(566)
Disposal of treasury stock		(48)		96					48		48
Land revaluation difference			(145)						(145)		(145)
Net changes in the year					9,410		144	(30,879)	(21,325)	(1,036)	(22,361)
Balance, March 31, 2011	$156,892	$203,000	$634,855	$ (26,578)	$ 6,735		$ (687)	$ (70,518)	$903,699	$ 7,084	$ 910,783

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Operating activities:			
Loss before income taxes and minority interests	¥ (8,842)	¥ (173)	$ (106,530)
Adjustments for:			
Income taxes–paid	(541)	(686)	(6,518)
Depreciation	2,696	3,060	32,482
Net change in deferred gross profit on installment sales	(412)	(608)	(4,964)
Gain on sales of investment securities	(1)		(12)
Write-down of investment securities	1,982		23,880
Gain (loss) on sale or disposal of property, plant and equipment	20	(19)	241
Impairment loss	1,690	836	20,361
Changes in assets and liabilities			
Notes and accounts receivable	(665)	8,709	(8,012)
Inventories	5,787	13,695	69,723
Allowance for doubtful accounts	(257)	(351)	(3,096)
Notes and accounts payable	3,713	(16,956)	44,735
Liability for retirement benefits	274	225	3,301
Other–net	1,028	182	12,385
Total adjustments	15,314	8,087	184,506
Net cash provided by operating activities	6,472	7,914	77,976
Investing activities:			
Purchases of property, plant and equipment	(386)	(2,028)	(4,651)
Proceeds from sales of property, plant and equipment	37	62	446
Purchases of investment securities	(201)	(152)	(2,422)
Proceeds from sales of investment securities	1		12
Proceeds from sales of investment in affiliates	15		181
Decrease (increase) in other assets	(339)	417	(4,084)
Net cash used in investing activities	(873)	(1,701)	(10,518)
Financing activities:			
Decrease in short-term borrowings–net	(428)	(15,347)	(5,157)
Proceeds from long-term debt		11,260	
Repayments of long-term debt	(4,676)	(10,753)	(56,337)
Proceeds from issuance of bond		20,000	
Repurchases of treasury stock	(47)	(15)	(566)
Disposal of treasury stock	4	3	48
Dividends paid	(381)	(1,653)	(4,590)
Dividends paid to minority shareholders	(37)	(29)	(446)
Other	(174)	(250)	(2,096)
Net cash provided by (used in) financing activities	(5,739)	3,216	(69,144)
Effect of exchange rate changes on cash and cash equivalents	(315)	(2)	(3,795)
Net increase (decrease) in cash and cash equivalents	(455)	9,427	(5,481)
Cash and cash equivalents, beginning of year	30,823	21,396	371,361
Cash and cash equivalents, end of year	¥ 30,368	¥ 30,823	$ 365,880
Additional cash flow information:			
Interest paid	¥ 726	¥ 710	$ 8,747

See notes to consolidated financial statements.

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 16. In addition, "net loss before minority interests" is disclosed in the consolidated statement of operations from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 consolidated financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TADANO LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

a) Consolidation

The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 24 significant (26 in 2010) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. Investments in the unconsolidated subsidiaries and affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over the estimated years when the amortization period can be determined or over five years when it cannot.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the consolidated statements of operations where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

c) Business combinations

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method.

As a result, the pooling of interests method of accounting is no longer allowed. (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

d) Sales and related profit recognition

Sales of finished products are generally recognized when goods are shipped to customers.
Installment sales and related cost of sales are recorded on the same basis as above. Gross profit on such installment sales is deferred and taken into income in proportion to the contractual amount of installment receivables collected. Ownership of goods is transferred to customers when all installment receivables are collected.

e) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.
Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition.

f) Inventories

Inventories are stated at the lower of cost, determined by the specific identification method for finished products, work in process and crane carriers (materials), and by the average method for materials and supplies other than crane carriers, or net selling value.

g) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent.
Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.
Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h) Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation for the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based upon the estimated useful lives of the assets, while depreciation for foreign consolidated subsidiaries is computed substantially by the straight-line method.
The range of useful lives is principally from 10 to 50 years for buildings and structures, and from 4 to 15 years for machinery and equipment. The useful lives for leased assets are the terms of the respective leases.

j) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k) Land revaluation

Under the "Law of Land Revaluation", promulgated on March 31, 1998, and revised on March 31, 1999 and 2001, the Company elected a one-time revaluation of its own-use land to a value based on estimated fair value as of March 31, 2002.
The resulting land revaluation difference represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.
As of March 31, 2011, the carrying amount of the land after the above one-time revaluation exceeds the estimated fair value by ¥5,751 million ($69,289 thousand).

l) Accrued product warranties

Accrued product warranties are recorded to provide for estimated future after-sales service costs.

m) Liability for retirement benefits

Liability for retirement benefits is provided based on the projected benefit obligations and plan assets at the balance sheet date.

n) Assets Retirement Obligations

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made.

If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.
The Company applied this accounting standard effective April 1, 2010. There is no effect of this change on operating loss and loss before income taxes and minority interests.

o) Research and development costs

Research and development costs are charged to income as incurred.

p) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet.
In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.
The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.
All other leases are accounted for as operating leases.

q) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

r) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

s) Foreign currency financial statements

The balance sheet accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.
Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.
Revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rate.

t) Derivative and hedging activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency options and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.
Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.
The foreign currency forward contracts are utilized to hedge foreign currency exposures in export sales. Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.
The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common stocks outstanding for the period, retroactively adjusted for stock splits.
Diluted net income per share is not disclosed because it is anti-dilutive due to the Company's net loss position, and there are no potentially dilutive securities.
Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. Notes and accounts receivable

Notes and accounts receivable as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Accounts receivable	**¥ 21,987**	¥ 21,313	**$ 264,904**
Notes receivable:			
Due within one year	**7,735**	9,235	**93,193**
Due after one year	**777**	1,163	**9,361**
Total	**¥ 30,499**	¥ 31,711	**$ 367,458**

4. Marketable and investment securities

Marketable and investment securities at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Non-current			
Equity securities	**¥ 5,531**	¥ 6,013	**$ 66,639**
Other	**38**	41	**457**
Total	**¥ 5,569**	¥ 6,054	**$ 67,096**

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2010 were as follows:

	Millions of yen				Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value	Cost	Unrealized gains	Unrealized losses	Fair value
At March 31, 2011								
Securities classified as:								
Available-for-sale:								
Equity securities	**¥ 4,441**	**¥ 1,186**	**¥ 257**	**¥ 5,370**	**$ 53,506**	**$ 14,289**	**$ 3,096**	**$ 64,699**
Other	**43**	**3**	**8**	**38**	**518**	**35**	**96**	**457**
At March 31, 2010								
Securities classified as:								
Available-for-sale:								
Equity securities	¥ 6,217	¥ 1,367	¥ 1,732	¥ 5,852				
Other	43	5	7	41				

Available-for-sale securities whose fair value are not readily determinable at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Equity securities	**¥ 161**	¥ 161	**$ 1,940**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥1 million ($12 thousand) and ¥0 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥1 million ($12 thousand) and ¥0 million for the years ended March 31, 2011 and 2010, respectively.

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥1,982 million ($23,880 thousand) and ¥0 million, respectively.

5. Inventories

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished products	**¥ 14,221**	¥ 17,512	**$ 171,338**
Work in process	**10,527**	13,191	**126,831**
Materials and supplies	**6,023**	8,429	**72,566**
Total	**¥ 30,771**	¥ 39,132	**$ 370,735**

6. Long-lived assets

The Group reviewed its long-lived assets for impairment for the years ended March 31, 2011 and 2010, and recognized an impairment loss of ¥13 million ($157 thousand) and ¥2 million, respectively, as other expense for certain land and other assets, which were deemed to be idle assets with no future plan for utilization. In addition, an impairment loss of ¥1,677 million ($20,204 thousand) and ¥834 million, was recognized for goodwill and intangible fixed assets for the years ended March 31, 2011 and 2010, respectively, due to deterioration of the profitability of wholly owned subsidiary, TADANO MANTIS Corporation, resulting from the drastic change in the business environment.

The carrying amount of the relevant assets was written down to the recoverable amount. The recoverable amount of these assets was measured at the net selling price at disposition for assets other than good will, which was primarily determined by independent real estate appraisals, or the estimated discounted future cash flows for goodwill.

7. Short-term borrowings and long-term debt

Short-term borrowings at March 31, 2011 and 2010 were principally consisted of revolving credit facility, which bore interest weighted average rates of 1.1%. As is customary in Japan, the Company obtains significant financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the consolidated balance sheets but are disclosed as contingencies (see Note 11).

The Company has unused lines of credit amounting to ¥13,611 million ($163,988 thousand) with certain financial institutions at March 31, 2011.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Bonds and loans from banks and insurance companies, with interest rates ranging from 0.90% to 4.98% for 2011 and 2010 maturing serially to 2018:	2011	2010	2011
Unsecured loans	**¥ 15,750**	¥ 20,666	**$ 189,759**
Unsecured bonds	**20,000**	20,000	**240,964**
Obligation under finance lease	**469**	552	**5,651**
Total	**36,219**	41,218	**436,374**
Less current portion	**(4,125)**	(4,842)	**(49,699)**
Long-term debt, less current portion	**¥ 32,094**	¥ 36,376	**$ 386,675**

Annual maturities of long-term debt outstanding at March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2012	¥ 4,125	$ 49,699
2013	2,540	30,603
2014	8,724	105,108
2015	20,802	250,627
2016	19	229
2017 and thereafter	9	108
Total	¥ 36,219	$ 436,374

There are no assets pledged as collateral for long-term debt at March 31, 2011.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

8. Retirement benefits

The Company implemented a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan on April 1, 2011 by which the former qualified defined benefit pension plan and the severance lump-sum payment plan were terminated. The Company applied accounting treatments specified in the guidance issued by the ASBJ. The effect of this transfer was to increase loss before income taxes and minority interests, and was recorded as loss on revision of retirement benefit plan in the consolidated statement of operations for the year ended March 31, 2011. The domestic consolidated subsidiaries have defined benefit pension plans, and/or lump-sum severance payment plans for employees. Several overseas consolidated subsidiaries have defined benefit pension plans.
Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Projected benefit obligation	**¥ 7,816**	¥ 10,875	**$ 94,168**
Fair value of plan assets	**(1,624)**	(4,442)	**(19,566)**
Unrecognized actuarial loss	**(1,312)**	(1,728)	**(15,807)**
Net liability	**¥ 4,880**	¥ 4,705	**$ 58,795**

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Service Cost	**¥ 639**	¥ 627	**$ 7,699**
Interest Cost	**192**	198	**2,313**
Expected return on plan assets	**(29)**	(27)	**(349)**
Recognized actuarial loss	**259**	311	**3,120**
Loss on revision of retirement benefit plan	**1,239**		**14,928**
Net periodic benefit costs	**¥ 2,300**	¥ 1,109	**$ 27,711**

Assumptions used for the years ended March 31, 2011 and 2010 are as follows:

	2011	**2010**
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.75%**	0.75%
Recognition period of actuarial gain / loss	**12 years**	12 years

9. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.
The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.
Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2011 and 2010.
The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 252**	¥ 295	**$ 3,036**
Tax loss carryforwards	**5,267**	1,608	**63,458**
Pension and severance costs	**1,753**	1,673	**21,120**
Other	**2,986**	3,366	**35,976**
Less valuation allowance	**(1,428)**	(516)	**(17,205)**
Total	**8,830**	6,426	**106,385**
Deferred tax liabilities:			
Property, plant and equipment	**461**	464	**5,554**
Unrealized gain on available-for-sale securities	**365**		**4,398**
Other	**312**	295	**3,759**
Total	**1,138**	759	**13,711**
Net deferred tax assets	**¥ 7,692**	¥ 5,667	**$ 92,674**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2011 and 2010 is as follows:

	Rate (%)	
	2011	**2010**
Normal effective statutory tax rate	**40.0**	40.0
Expenses not deductible for income tax purpose	**(0.7)**	(31.3)
Differences in tax rates applicable to consolidated subsidiaries	**(1.4)**	75.5
Valuation allowance	**(10.8)**	(77.4)
Impairment loss for goodwill	**(5.3)**	
Tax effect on elimination of unrealized profit	**1.0**	(351.1)
Other–net	**1.1**	(0.1)
Actual effective tax rate	**23.9**	(344.4)

At March 31, 2011, the Group has tax loss carryforwards aggregating approximately ¥13,700 million ($165,061 thousand) which are available to be offset against taxable income in future years. These tax loss carry fowards will mostly expire in 2018.

11. Contingent liabilities

At March 31, 2011, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of customers' loans and lease obligations	**¥6,649**	**$80,108**
Trade notes endorsed	**3,097**	**37,303**

12. Research and development costs

Research and development costs charged to income were ¥3,728 million ($44,916 thousand) and ¥4,011 million for the years ended March 31, 2011 and 2010, respectively.

13. Leases

The Group has a number of lease agreements for certain machinery, computer equipment and other assets.
As discussed in Note 2.p), the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense on an "as if capitalized" basis for the years ended March 31, 2011 and 2010 was as follows.

Company as lessee

	Millions of yen			Thousands of U.S. dollars		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
At March 31, 2011:						
Acquisition cost	**¥ 860**	**¥ 593**	**¥1,453**	**$10,361**	**$ 7,145**	**$17,506**
Accumulated depreciation	**658**	**423**	**1,081**	**7,928**	**5,096**	**13,024**
Net leased property	**¥ 202**	**¥ 170**	**¥ 372**	**$ 2,433**	**$ 2,049**	**$ 4,482**
At March 31, 2010:						
Acquisition cost	¥ 993	¥1,211	¥2,204			
Accumulated depreciation	698	891	1,589			
Net leased property	¥ 295	¥ 320	¥ 615			

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2011	**2010**	**2011**
Due within one year	**¥ 162**	¥ 305	**$ 1,952**
Due after one year	**239**	401	**2,879**
Total	**¥ 401**	¥ 706	**$ 4,831**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, and are computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2010
Depreciation expense	¥ 253	¥ 381	$ 3,048
Interest expense	12	19	145

Company as lessor

	Millions of yen			Thousands of U.S. dollars		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
At March 31, 2011:						
Acquisition cost	¥101	¥ 8	¥109	$ 1,217	$ 96	$ 1,313
Accumulated depreciation	76	7	83	916	84	1,000
Net leased property	¥ 25	¥ 1	¥ 26	$ 301	$ 12	$ 313
At March 31, 2010:						
Acquisition cost	¥154	¥ 39	¥193			
Accumulated depreciation	108	34	142			
Net leased property	¥ 46	¥ 5	¥ 51			

Future lease revenues under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 14	¥ 28	$ 169
Due after one year	12	26	144
Total	¥ 26	¥ 54	$ 313

Depreciation expense and imputed interest income computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2010
Depreciation expense	¥ 25	¥ 42	$ 301
Interest income	1	2	12

14. Financial instruments and related disclosures

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the guidance effective March 31, 2010.

Group policy for financial instruments

The Group uses financial instruments, mainly long-term debt including bank loans and straight bonds, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term borrowings are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described below.

Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, a part of these receivables is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Although a part of bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 15 for more detail about derivatives.

Risk management for financial instruments

Credit Risk Management
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage.
The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2011.

Market risk management (foreign exchange risk and interest rate risk)
Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. A part of such foreign exchange risk is hedged by forward foreign currency contracts.
Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.
Marketable and investment securities are managed by the monitoring market values and financial position of issuers on a regular basis.

Basic principles of derivative transactions are based on the internal guidelines which prescribe the authority and the limit for each transaction. In order to mitigate credit risk, the Company only transacts business with high rating financial institutions.

Fair values of financial instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 4 for investment securities whose fair values are not readily determinable and Note 15 for the detail of fair value for derivatives. These amounts are not included in the table below.

	Millions of yen			Thousands of U.S. dollars		
March 31, 2011	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 30,368	¥ 30,368		$ 365,880	$ 365,880	
Short-term investments	10	10		120	120	
Notes and accounts receivable	30,499			367,458		
Allowance for doubtful accounts	(665)			(8,012)		
Notes and accounts receivable–net	29,834	29,812	¥ (22)	359,446	359,181	$ (265)
Investment securities	5,408	5,408		65,156	65,156	
Total	¥ 65,620	¥ 65,598	¥ (22)	$ 790,602	$ 790,337	$ (265)
Short-term borrowings	¥ 3,971	¥ 3,971		$ 47,843	$ 47,843	
Current portion of long-term debt	4,125	4,125		49,699	49,699	
Notes and accounts payable	17,126	17,126		206,338	206,338	
Income taxes payable	318	318		3,831	3,831	
Long-term debt	32,094	32,334	¥ 240	386,675	389,567	$ 2,892
Total	¥ 57,634	¥ 57,874	¥ 240	$ 694,386	$ 697,278	$ 2,892

	Millions of yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 30,823	¥ 30,823	
Short-term investments	10	10	
Notes and accounts receivable	31,711		
Allowance for doubtful accounts	(959)		
Notes and accounts receivable–net	30,752	30,725	¥ (27)
Investment securities	5,893	5,893	
Total	¥ 67,478	¥ 67,451	¥ (27)
Short-term borrowings	¥ 5,336	¥ 5,336	
Current portion of long-term debt	4,842	4,842	
Notes and accounts payable	14,525	14,525	
Income taxes payable	384	384	
Long-term debt	36,376	36,453	¥ 77
Total	¥ 61,463	¥ 61,540	¥ 77

Cash and cash equivalents, short-term investments, notes and accounts payable, short-term borrowings, current portion of long-term debt and income taxes payable

The carrying values of these instruments approximate fair value because of their short maturities.

Notes and accounts receivable

The fair values of these instruments are measured at the amount to be collected at maturity discounted at the Group's assumed corporate discount rate.

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 4.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

The information of the fair value for derivatives is included in Note 15.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen				Thousands of U.S. dollars			
March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 30,368				$ 365,880			
Shot-term investments	10				120			
Notes and accounts receivable	29,722	¥ 741	¥ 29	¥ 7	358,096	$ 8,928	$ 350	$ 84
Total	¥ 60,100	¥ 741	¥ 29	¥ 7	$ 724,096	$ 8,928	$ 350	$ 84

Please see Note 7 for annual maturities of long-term debt.

15. Derivatives

The Group enters into foreign currency forward contracts and currency options to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage interest rate exposures on certain liabilities. It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Group does not hold or issue derivatives for trading purposes.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of the hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Forward exchange contracted amounts which are assigned to associated assets or liabilities and are reflected on the balance sheet at year-end, are not subject to the disclosure of market value information.

Derivative transactions to which hedge accounting is applied at March 31, 2011 and 2010 are as follows:

	Millions of yen			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
March 31, 2011				
Interest rate swaps:				
(fixed rate payment,floating rate receipt)	**Long-term debt**	**¥ 100**		*1
March 31, 2010				
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 519		*2
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	100	¥ 100	*1

	Thousands of U.S. dollars			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
March 31, 2011				
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	**Long-term debt**	**$ 1,205**		*1

*1 The fair values of interest rate swaps are included in the fair value of long-term debt.
*2 The fair values of foreign currency forward contracts are included in the fair value of receivables.

The contract or notional amounts of derivatives shown in the above table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk.

16. Comprehensive income

Total comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of yen
	2010
Total comprehensive loss attributable to:	
Owners of the parent	¥ (518)
Minority interests	118
Total comprehensive loss	¥ (400)

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

Other comprehensive income:	
Unrealized loss on available-for-sale securities	¥ (26)
Deferred loss on derivatives under hedge accounting	(5)
Foreign currency translation adjustments	398
Total other comprehensive income	¥ 367

17. Segment information

For the year ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 “Accounting Standard for Segment Information Disclosures” and issued ASBJ Guidance No.20 “Guidance on Accounting Standard for Segment Information Disclosures”. Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.
The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

The Group’s reportable segments are those for which separately financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the operating segments Japan, Europe, America and the other areas.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, “Summary of Significant Accounting Policies”.

Segment profit is based on operating income.
Intersegment sales or transfers are made at market price.

3. Information about sales, profit (loss), assets and other items is as follows.

	Millions of yen		Thousands of U.S. dollars
Net sales:	**2011**	**2010**	**2011**
Japan			
Sales to external customers	**¥ 63,227**	¥ 66,234	**$ 761,771**
Intersegment sales or transfers	**13,214**	11,711	**159,205**
Total	**76,441**	77,945	**920,976**
Europe			
Sales to external customers	**13,342**	19,720	**160,747**
Intersegment sales or transfers	**6,959**	14,926	**83,843**
Total	**20,301**	34,646	**244,590**
America			
Sales to external customers	**8,131**	12,921	**97,964**
Intersegment sales or transfers	**170**	51	**2,048**
Total	**8,301**	12,972	**100,012**
Other areas			
Sales to external customers	**5,108**	5,376	**61,542**
Intersegment sales or transfers	**25**	64	**301**
Total	**5,133**	5,440	**61,843**
Reconciliations	**(20,368)**	(26,752)	**(245,397)**
Consolidated total	**¥ 89,808**	¥104,251	**$1,082,024**
Segment profit (loss):			
Japan	**¥ (2,728)**	¥ (659)	**$ (32,867)**
Europe	**(880)**	937	**(10,602)**
America	**(685)**	(151)	**(8,253)**
Other areas	**253**	467	**3,047**
Reconciliations	**306**	18	**3,687**
Consolidated total	**¥ (3,734)**	¥ 612	**$ (44,988)**
Segment assets:			
Japan	**¥129,694**	¥133,675	**$1,562,578**
Europe	**13,581**	18,579	**163,627**
America	**7,003**	10,350	**84,373**
Other areas	**4,361**	2,644	**52,542**
Reconciliations	**(8,473)**	(5,373)	**(102,084)**
Consolidated total	**¥146,166**	¥159,875	**$1,761,036**
Other			
Depreciation:			
Japan	**¥ 2,235**	¥ 2,532	**$ 26,928**
Europe	**300**	341	**3,615**
America	**133**	175	**1,602**
Other areas	**28**	12	**337**
Consolidated total	**¥ 2,696**	¥ 3,060	**$ 32,482**
Amortization of goodwill:			
Japan			
Europe			
America	**¥ 148**	¥ 148	**$ 1,783**
Other areas			
Consolidated total	**¥ 148**	¥ 148	**$ 1,783**
Increase in property, plant and equipment and intangible assets:			
Japan	**¥ 465**	¥ 1,224	**$ 5,602**
Europe	**178**	289	**2,145**
America	**19**	50	**229**
Other areas	**303**	20	**3,651**
Consolidated total	**¥ 965**	¥ 1,583	**$ 11,627**

Notes:
1. "Other areas" consisted of operation of overseas subsidiaries in Asia, Oceania and others.
2. 1) Reconciliations for Segment profit (loss) mainly consisted of elimination of intersegment unrealized profit of ¥306 million ($3,687 thousand) and ¥23 million for the years ended March 31, 2011 and 2010, respectively.
   2) Reconciliations for Segment assets mainly consisted of elimination of intersegment balance of ¥7,132 million ($85,928 thousand) and ¥3,726 million, and elimination of intersegment unrealized profit of ¥1,342 million ($16,167 thousand) and ¥1,647 million for the years ended March 31, 2011 and 2010, respectively.
3. Segment profit (loss) is reconciled to consolidated operating income (loss).

Information about products / services	Millions of yen	Thousands of U.S. dollars
	2011	2011
Net sales;		
Mobile Cranes	¥ 47,441	$ 571,579
Truck Loader Cranes	8,137	98,036
Aerial Work Platforms	10,088	121,542
Other	24,142	290,867
Total	¥ 89,808	$ 1,082,024

Information about geographical areas	Millions of yen	Thousands of U.S. dollars
	2011	2011
Net sales;		
Japan	¥ 51,530	$ 620,843
Europe	12,740	153,494
America	8,307	100,084
Other areas	17,231	207,603
Total	¥ 89,808	$ 1,082,024
Net property, plant and equipment;		
Japan	¥ 31,662	$ 381,470
Europe	2,181	26,277
America	366	4,410
Other areas	356	4,289
Total	¥ 34,565	$ 416,446

Note: Net sales are classified in countries or regions based on location of customers.

Information about major customers

The Company has no customers that accounted for more than 10% of consolidated net sales for the year ended March 31, 2011.

For the year ended March 31, 2010
The Group operates in a single industry which includes sales and manufacturing of various Cranes and related products.

Information about the geographical segments of the Group for the year ended March 31, 2010 is as follows:

	Millions of yen
	2010
Net sales:	
Japan	
Outside customers	¥ 66,234
Interarea transfer	11,711
Total	77,945
Europe	
Outside customers	19,720
Interarea transfer	14,926
Total	34,646
America	
Outside customers	12,921
Interarea transfer	51
Total	12,972
Other areas	
Outside customers	5,376
Interarea transfer	64
Total	5,440
Eliminations	(26,752)
Consolidated total	¥104,251
Operating income:	
Japan	¥ (659)
Europe	937
America	(151)
Other areas	467
Eliminations	18
Consolidated total	¥ 612
Assets:	
Japan	¥133,675
Europe	18,579
America	10,350
Other areas	2,644
Eliminations	(5,373)
Consolidated total	¥159,875

Information about sales to foreign customers for the years ended March 31, 2010 is as follows:

	Millions of yen
	2010
Europe	¥ 19,196
North America	16,188
Other areas	20,807
Consolidated total	¥ 56,191

18. Per share information

Basic net loss per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net loss	Weighted average shares	EPS	
For the year ended March 31, 2011:				
Basic EPS				
Net loss available to common shareholders	**¥ (6,722)**	**127,071**	**¥ (52.90)**	**$ (0.64)**
For the year ended March 31, 2010:				
Basic EPS				
Net loss available to common shareholders	¥ (896)	127,115	¥ (7.05)	

19. Subsequent events

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's shareholders meeting held on June 24, 2011:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥3.00 ($0.04) per share	**¥ 381**	**$ 4,590**

INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of TADANO LTD.:

We have audited the accompanying consolidated balance sheets of TADANO LTD. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of operations for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TADANO LTD. and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2011

Member of
Deloitte Touche Tohmatsu

CORPORATE DATA

PAID-IN CAPITAL
13,021 million (As of March 31, 2011)

NUMBER OF EMPLOYEES
1,424 (As of March 31, 2011)

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