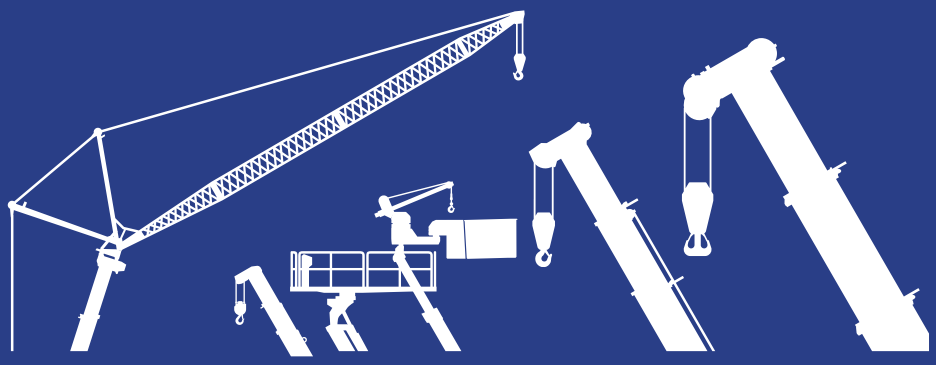
TADANO



ANNUAL REPORT

2013

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.

Contents

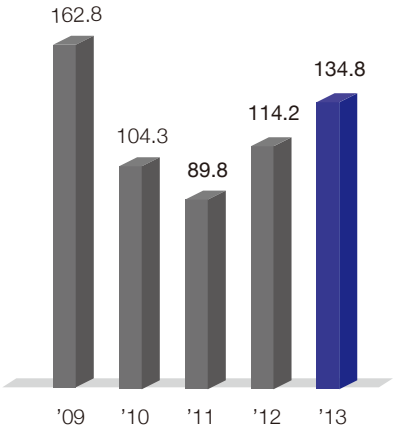
FINANCIAL HIGHLIGHTS

TADANO LTD. and consolidated subsidiaries
Years ended March 31, 2013 and 2012

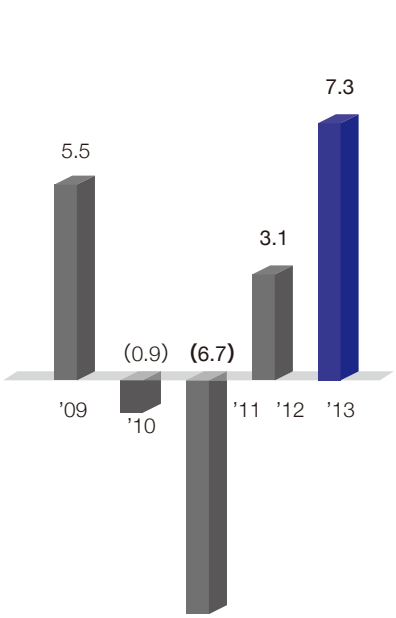
	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Net sales	**¥ 134,836**	¥ 114,210	**$ 1,434,426**
Operating income	**10,925**	5,896	**116,223**
Net income	**7,341**	3,145	**78,096**
Total assets	**177,611**	161,176	**1,889,479**
Net property, plant and equipment	**34,585**	33,449	**367,926**
Total equity	**86,674**	78,518	**922,064**
	Yen		U.S. dollars
Per share of common stock			
Basic net income	**¥ 57.84**	¥ 24.77	**$ 0.62**
Cash dividends applicable to the year	**12.00**	7.00	**0.13**

Note: U.S. dollar figures have been translated into yen at the rate of ¥94 = US$1 for convenience only.

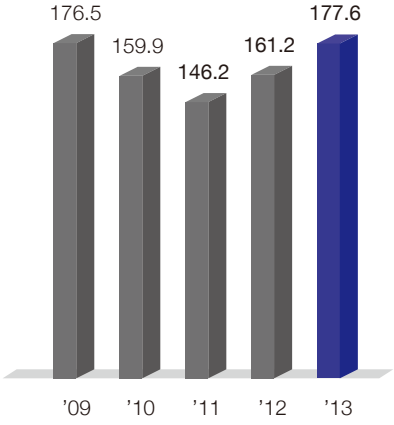
Net sales (Billions of yen)



Net income (Billions of yen)



Total assets (Billions of yen)



TO OUR SHAREHOLDERS

Koichi Tadano
Representative Director,
President and CEO

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 27 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, 2013.

▶ Overview

Towards the end of fiscal year 2012, Japan's economy showed signs of a recovery, due in part to a bullish stock market and devaluation of the yen that began around the time the new government took office. The European economy remained slow, signs of recovery were apparent in some emerging markets such as China, and the U.S. economy saw slight gains.

Domestic demand in the crane industry increased as rising utilization rates related to Great Tohoku Earthquake recovery and restoration efforts boosted scheduled equipment replacement. Overseas, demand rose in North America, Asia, the Middle East, Australia, and other markets, primarily in sectors related to energy and infrastructure.

Amid such business conditions, the TADANO Group has resuming appropriate sales prices in Japanese market and focused on expanding overseas sales amid historic highs of the yen in world currency markets. It has also made progress in achieving further cost reductions through its SVE (Sustainable and super Value Engineering) activities. In addition, as part of the strategies set out in the TADANO Group Mid-Term Management Plan (2011—2013), it established a subsidiary in Thailand to serve as its first overseas production base for Truck Loader Cranes, with operations slated to start there in June 2013.

Led by growth in sales of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms, domestic sales rose 12.0% over the previous fiscal year to 68,675 million yen. Backed by recovering demand, overseas sales rose to 66,161 million yen, up 25.1%

from the previous fiscal year. As a result, total sales rose by 18.1% from the previous fiscal year to 134,836 million yen. Overseas sales accounted for 49.1% of all sales.

Efforts to ensure appropriate sales prices together with rising sales increased gross margin and resulted in operating profits of 10,925 million yen, up 85.3% from the previous fiscal year. Net income totaled 7,341 million yen, up 133.4% from the previous fiscal year.

Regarding the case of malfeasance by a former vice-president of a TADANO consolidated subsidiary in the U.S., TADANO made efforts to prevent reoccurrence of such an incident through means including strengthening checks-and-balances functions through reviewing the control systems at overseas subsidies and enhancing the functions for monitoring of overseas subsidies by TADANO.

TADANO once again apologizes for the considerable inconvenience and concern this incident has caused shareholders, investors, and other related parties.

▶ Outlook for the Next Term

We expect the Japanese economy to move toward recovery backed by factors such as improving export conditions, the effects of economic measures and monetary policy. Potential areas of concern include downward pressure on the economy from the European debt crisis and other factors, as well as issues related to Iran and North Korea.

Despite the sluggish recovery in European markets, we expect overseas demand to remain largely unchanged overall due to increased demand from various projects, including those related to energy. We anticipate an increase in domestic demand driven by Great Tohoku Earthquake recovery and restoration efforts, disaster prevention and mitigation, and renovation of aged infrastructure.

Under the TADANO Group Mid-Term Management Plan (2011—2013), 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 realize this by implementing the following seven strategies, divided into three operating strategies, two competitive strategies, and two fundamental strategies:

1. Operating strategies:
   (1) Making Inroads into Strategic Markets
   (2) Developing Eco-Friendly Products
   (3) Developing Large LE Products
2. Competitive strategies:
   (1) Enhancing Cost Competitiveness
   (2) Improving Quality and Service
3. Fundamental strategies:
   (1) Enhancing Monozukuri (Manufacturing) Capabilities
   (2) Globalizing Our Organization and Human Resources

For the last fiscal year in the current TADANO Group Mid-Term Management Plan (2011—2013), we exert ourselves to improve profitability and for further sales promotion overseas.

July 2013

Koichi Tadano
Representative Director,
President and CEO

REVIEW OF OPERATIONS

Mobile Cranes

Domestic sales of Mobile Cranes rose by 10.3% from the previous fiscal year to 26,640 million yen, due to continued efforts to resuming appropriate sales prices in Japanese market as equipment replacement advanced.

Overseas sales rose to 53,907 million yen, up 27.5% from the previous fiscal year, backed by recovering demand in North America, Asia, the Middle East, Australia, and other markets.

Total sales of Mobile Cranes increased by 21.2% from the previous fiscal year to 80,547 million yen.

Truck Loader Cranes

Backed by rising truck demand and rising installation rates, domestic sales of Truck Loader Cranes rose by 37.5% from the previous fiscal year to 13,978 million yen.

Overseas sales totaled 1,235 million yen, up 2.4% from the previous fiscal year.

Total sales of Truck Loader Cranes increased to 15,213 million yen, up 33.8% from the previous fiscal year.

Aerial Work Platforms

A focus on sales to the rental industry, which has seen vigorous capital investment, helped boost sales of Aerial Work Platforms by 9.0% from the previous fiscal year to 12,854 million yen, despite a slowdown in sales for electric power and electrical construction use.

Others

Sales of parts, repairs, used cranes, and other products and services rose by 6.6% from the previous fiscal year to 26,222 million yen.

Overseas Operations

Beginning with sustained and historic highs in the value of the yen and a prolonged economic slowdown in Europe, fiscal year 2012 posed numerous challenges with respect to product pricing.

Nevertheless, overseas demand surged in North America, the Near and Middle East, Southeast Asia, and Oceania, primarily in areas related to energy and resources. Energy-related demand in North American markets continued to boom, a trend that had emerged in the second half of fiscal 2011. Markets in the Near and Middle East exhibited robust demand, driven by the petroleum industry and by infrastructure and other projects, chiefly in Saudi Arabia. The rapid devaluation of the yen from the end of 2012 served as strong tailwinds.

Amid such business conditions, overseas sales rose 27.5% from the previous fiscal year, while overseas sales accounted for 49.1% of all sales, up from the corresponding 46.3% share in fiscal 2011.

AT-150S
Aerial Work Platform

▶ Research and Development Activities

The TADANO Group (TADANO Ltd. and its consolidated subsidiaries) undertakes most of its research and development activities through TADANO Ltd.'s R&D division.
The R&D division develops cranes, Aerial Work Platforms, and applied products for both domestic and overseas markets, while pursuing applied research on innovative and cutting-edge technologies. For the consolidated fiscal year under review, the TADANO Group's total expenditures for R&D activities, including R&D material costs, personnel costs, and other costs, were ¥3,999 million.

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

(1) Japan

- We developed the GA-600NR as a heavy-duty crane for the Japanese market. Featuring additional improvements in maneuverability and usability, combined with compatibility with engine emissions regulations, we are seeking to expand sales of this product in heavy-duty markets.
- We developed the GR-120N(MC)-2 as a crane for mounting on the railroad work cars of JR and other railways. Its improved performance over previous models meets the needs of customers seeking the capacity to handle heavier construction materials. This is the model we will draw on to expand sales in railway-related markets.
- We have developed versions of the TM-ZE300 and TM-ZE 360 Loader Crane with eco-friendly specifications for the Japanese market and are using them to expand sales in the Japanese market. These products achieve environmental performance using our own proprietary two-speed winch motor, which provides low fuel consumption and generates low noise.
- We developed the AT-100SDW as a road-rail Aerial Work Platform for the Japanese market. The model features a new, longer-lasting carrier post and is also intended to meet customer demand for improved operability and maneuverability. We plan to leverage this model to expand sales in railway markets.
- We developed three models of 12-meter class Aerial Work Platforms concurrently (models of the AT-121TG-3 having the boom stored in front, stored in the rear, and specifications suited to ordinary driver's licenses, respectively). All three models offer the smallest vehicle dimensions in their class, idle-reduction features, improved maneuverability, and other improvements. The addition to the lineup of a new model with specifications compatible with ordinary driver's licenses, intended to lower tax burdens while extending equipment access to operators holding ordinary driver's licenses, targets sales growth while meeting diversifying needs.
- We developed the AT-121TTE-3 as an extension of the AT-121TG-3 Aerial Work Platform with the boom stored in the rear. Adding an FRP coating to the top boom on the AT-121TG-3, this 12-meter class model is designed for and will help us expand sales in the telecommunications market, meeting the needs of customers seeking longer reach than that offered by traditional 10-11-meter class models.
- We have developed, begun producing, and launched sales of the GS-700BR as a Truck Mounted Crane for the Brazil market. This particular model is produced at a plant in Brazil. The key features intended to achieve sales growth in the Brazil market include improved mountability and safety, along with specifications that meet the requirements of local vehicle laws and regulations to allow road use.
- Having developed models that meet exhaust regulations in China as extensions of our line of Rough Terrain Cranes for overseas markets (GR-800, 600, 500, 300EX-2), we are currently seeking to expand sales in China. This model meets the exhaust restrictions anticipated to take effect in China starting in 2014 and is positioned to meet future exhaust regulations in other emerging markets.
- We developed models compliant with exhaust regulations in North America and Europe as extensions of three models of Rough Terrain Cranes for overseas markets (80-ton class: GR-1000XL-2/GR-800EX-2; 60-ton class: GR-750XL-2/GR-600EX-2; 50-ton class: GR-550XL-2/GR-500EX-2). Our goal is to expand sales in these markets by releasing these models as products meeting the exhaust restrictions enacted in North America and Europe through the end of 2013.
- We developed the TM-ZE553 and TM-ZE 543MH as Loader Cranes for overseas markets. Efforts to expand sales of these cranes will mainly target emerging markets. The products feature lifting capacity improved from 2.93 tons to four and five tons.

(1) Europe

- We have developed and launched sales of the ATF180G-5 All Terrain Crane in Europe and other overseas markets. With this product, the strategy is to expand sales in global markets by responding to European emissions regulations and improving quality and safety performance.
- We have developed and launched sales of the ATF400G-6 All Terrain Crane in overseas markets. We are seeking to expand sales in global markets with this model, which is based on the ATF360G-6 but offers greater lifting capacity and improved quality and safety.

(2) Americas

As part of efforts to expand sales in global markets, we are deploying TADANO's core technologies to improve strength, functions, and safety while cutting costs in our development of Telescopic Boom Crawler Cranes.

(3) Other markets

There were no notable developments in other markets.

Global CS Conference held

In the TADANO Group Mid-Term Management Plan (11-13), the TADANO Group identifies the development of a customer support (CS) structure split into five global zones as a key strategy for strengthening competitiveness.

In October 2012, we held a Global CS Conference at the TADANO head office, attended by the personnel responsible for service at Group companies and overseas bases. The primary goals of this conference were to share and clarify the goals of providing this service, to discuss various measures to make TADANO the worldwide leader in customer satisfaction, and to proceed to implement such measures.

To meet growing and diversifying customer needs year after year and to differentiate ourselves from competitors, the CS division will continue to enhance the global service structure by strengthening coordination among overseas facilities while focusing on strengthening quality and service.

Twelve models exhibited at bauma 2013, one of the world's three largest construction-equipment exhibitions

Held in April 2013 in Munich, Germany, bauma 2013 proved to be the largest exhibition ever, one that set various records. Some 3,420 companies exhibited from 57 countries, while some 530,000 attendees attended from more than 200 countries.

The TADANO Group exhibited 12 models in all, including Rough Terrain Cranes, Truck Cranes, Loader Cranes, Telescopic Boom Crawler Cranes, and seven models of All Terrain Cranes. TADANO's booth was highly successful, with numerous visitors drawn to the booth every day of the exhibition by simulators and a touch panel display introducing TADANO's core values: "Safety, Quality and Efficiency."

New factory in Thailand begins full-scale operations

In April 2012, TADANO established TADANO (Thailand) Co., Ltd., a manufacturing subsidiary producing Loader Cranes in Thailand for emerging markets. TADANO (Thailand) is TADANO's first overseas manufacturing base for Loader Cranes.

TADANO (Thailand) constructed a new plant with a total floor area of approximately 6,400 square meters on a site approximately 29,000 square meters in area in an industrial park in Rayong Province, outside the Thai capital of Bangkok. It welcomed related parties to a completion ceremony in May 2013 and launched full operations the following month.

Plans call for the new plant to produce approximately 200 units in its first fiscal year and annual production of 2,000 units in the future. TADANO (Thailand) is currently seeking to increase market share in its major markets of Southeast Asia and the Middle East.

BOARD OF DIRECTORS, OFFICERS AND STATUTORY AUDITORS

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

From left (seated):
Tadashi Suzuki
Koichi Tadano

BOARD OF DIRECTORS

Representative Director, President and CEO
Koichi Tadano

Director, Senior Executive Officer
Tadashi Suzuki

Directors, Executive Officers
Tamaki Okuyama
Yoichiro Nishi

Directors
Nobuhiko Ito*
Yasuyuki Yoshida*

OFFICERS

Executive Officers
Alexander Knecht
Shinichi Iimura
Toshiyuki Takanashi

Officers
Jian Cheng
Hidemi Uchida
Kenichi Sawada
Chikashi Kawamoto
Hiroyuki Fujino
Akihiko Kitamura
Hiroyuki Takaki
Yuji Tadano
Yo Kakinuma
Soroku Hashikura
Masahiko Ikeura

STATUTORY AUDITORS

Audit and Supervisory Board Members
Yoshihito Kodama
Minoru Kawada

External Auditors
Yuichiro Miyake
Akihito Nabeshima

*Outside Director.

CONSOLIDATED BALANCE SHEET

TADANO LTD. and consolidated subsidiaries
March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 39,512**	¥ 40,156	**$ 420,340**
Short-term investments (Note 14)	**70**	70	**745**
Notes and accounts receivable (Notes 3 and 14):			
Trade	**40,180**	34,508	**427,447**
Unconsolidated subsidiaries and affiliates	**640**	534	**6,809**
Allowance for doubtful accounts	**(361)**	(481)	**(3,840)**
Inventories (Note 5)	**45,342**	34,206	**482,362**
Deferred tax assets (Note 10)	**2,872**	1,906	**30,553**
Other current assets	**4,303**	3,147	**45,776**
Allowance for doubtful accounts	**(414)**		**(4,405)**
Total current assets	**132,144**	114,046	**1,405,787**
Property, plant and equipment (Note 6):			
Land	**20,136**	19,704	**214,213**
Buildings and structures	**29,699**	28,489	**315,947**
Machinery and equipment	**15,593**	14,271	**165,883**
Lease assets	**744**	699	**7,915**
Construction in progress	**458**	476	**4,872**
Total	**66,630**	63,639	**708,830**
Accumulated depreciation	**(32,045)**	(30,190)	**(340,904)**
Net property, plant and equipment	**34,585**	33,449	**367,926**
Investments and other assets:			
Investment securities (Notes 4 and 14)	**6,534**	6,190	**69,511**
Investments in unconsolidated subsidiaries and affiliates	**1,797**	1,797	**19,117**
Deferred tax assets (Note 10)	**1,038**	4,089	**11,043**
Other assets	**1,513**	1,605	**16,095**
Total investments and other assets	**10,882**	13,681	**115,766**
Total	**¥ 177,611**	¥ 161,176	**$ 1,889,479**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

TADANO LTD. and consolidated subsidiaries
March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 7 and 14)	¥ 6,660	¥ 5,135	$ 70,851
Current portion of long-term debt (Notes 7 and 14)	9,004	2,638	95,787
Notes and accounts payable (Note 14):			
Trade	31,069	28,315	330,521
Other	3,557	2,770	37,840
Unconsolidated subsidiaries and affiliates	49	36	521
Income taxes payable (Note 14)	2,009	806	21,372
Deferred gross profit on installment sales	194	354	2,064
Accrued product warranties	1,416	960	15,064
Other current liabilities	6,047	3,466	64,331
Total current liabilities	60,005	44,480	638,351
Long-term liabilities:			
Long-term debt (Notes 7 and 14)	23,043	30,329	245,138
Liability for retirement benefits (Note 8)	4,736	4,704	50,383
Deferred tax liabilities (Note 10)	166	164	1,766
Deferred tax liabilities for land revaluation (Notes 2.k and 10)	2,455	2,455	26,117
Other long-term liabilities	532	526	5,660
Total long-term liabilities	30,932	38,178	329,064
Commitments and contingent liabilities (Notes 11 and 13)			
Equity (Notes 9 and 19):			
Common stock;			
Authorized—400,000,000 shares in 2013 and 2012			
Issued—129,500,355 shares in 2013 and 2012	13,022	13,022	138,532
Capital surplus	16,847	16,847	179,223
Retained earnings	61,272	55,454	651,830
Treasury stock—at cost			
2,701,046 shares in 2013 and 2,546,528 shares in 2012	(2,383)	(2,229)	(25,351)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	1,445	1,017	15,372
Land revaluation difference (Notes 2.k and 10)	295	295	3,138
Foreign currency translation adjustments	(4,619)	(6,701)	(49,138)
Total	85,879	77,705	913,606
Minority interests	795	813	8,458
Total equity	86,674	78,518	922,064
Total	¥ 177,611	¥ 161,176	$ 1,889,479

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net sales	**¥ 134,836**	¥114,210	**$ 1,434,426**
Cost of sales	**101,365**	88,463	**1,078,351**
Gross profit before net change in deferred gross profit on installment sales	**33,471**	25,747	**356,075**
Net change in deferred gross profit on installment sales	**160**	278	**1,702**
Gross profit	**33,631**	26,025	**357,777**
Selling, general and administrative expenses (Note 12)	**22,706**	20,129	**241,554**
Operating income	**10,925**	5,896	**116,223**
Other income (expenses):			
Interest and dividend income	**274**	348	**2,915**
Interest expense	**(580)**	(676)	**(6,170)**
Gain on sales of investment securities	**154**	30	**1,638**
Loss on valuation of investment securities	**(47)**		**(500)**
Loss (gain) on sale or disposal of property, plant and equipment	**(156)**	74	**(1,660)**
Loss on impairment of long-lived assets (Note 6)	**(27)**		**(287)**
Provision of allowance for doubtful accounts	**(133)**		**(1,415)**
Foreign exchange gain	**961**	68	**10,223**
Gain on revision of retirement benefit plan (Note 8)		52	
Other—net	**1**	142	**12**
Other income—net	**447**	38	**4,756**
Income before income taxes and minority interests	**11,372**	5,934	**120,979**
Income taxes (Note 10):			
Current	**2,210**	1,086	**23,511**
Deferred	**1,913**	1,660	**20,351**
Total income taxes	**4,123**	2,746	**43,862**
Net income before minority interests	**7,249**	3,188	**77,117**
Minority interests	**92**	(43)	**979**
Net income	**¥ 7,341**	¥ 3,145	**$ 78,096**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.t and 18):			
Basic net income	**¥ 57.84**	¥ 24.77	**$ 0.62**
Cash dividends applicable to the year	**12.00**	7.00	**0.13**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net income before minority interests	**¥ 7,249**	¥ 3,188	**$ 77,117**
Other comprehensive income (Note 16):			
Unrealized gain on available-for-sale securities	**429**	458	**4,564**
Land revaluation difference		349	
Foreign currency translation adjustments	**2,169**	(886)	**23,074**
Total other comprehensive income (loss)	**2,598**	(79)	**27,638**
Comprehensive income	**¥ 9,847**	¥ 3,109	**$ 104,755**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 9,853**	¥ 3,104	**$ 104,819**
Minority interests	**(6)**	5	**(64)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	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	Land revaluation difference	Foreign currency translation adjustments	Total	Minority Interests	Total Equity
Balance, April 1, 2011	127,004	¥ 13,022	¥ 16,849	¥ 52,693	¥ (2,206)	¥ 559	¥ (57)	¥ (5,853)	¥ 75,007	¥ 588	¥ 75,595
Net income				3,145					3,145		3,145
Cash dividends, ¥3.00 per share				(381)					(381)		(381)
Purchase of treasury stock	(55)				(27)				(27)		(27)
Disposal of treasury stock	5		(2)		4				2		2
Land revaluation difference				(3)					(3)		(3)
Net changes in the year						458	352	(848)	(38)	225	187
Balance, March 31, 2012	126,954	13,022	16,847	55,454	(2,229)	1,017	295	(6,701)	77,705	813	78,518
Net income				7,341					7,341		7,341
Cash dividends, ¥12.00 per share				(1,523)					(1,523)		(1,523)
Purchase of treasury stock	(155)				(155)				(155)		(155)
Disposal of treasury stock	0		(0)		1				1		1
Net changes in the year						428		2,082	2,510	(18)	2,492
Balance, March 31, 2013	126,799	¥ 13,022	¥ 16,847	¥ 61,272	¥ (2,383)	¥ 1,445	¥ 295	¥ (4,619)	¥ 85,879	¥ 795	¥ 86,674

	Thousands of U. S. Dollars (Note 1)									
Balance, March 31, 2012	$ 138,532	$ 179,223	$ 589,936	$ (23,713)	$10,819	$ 3,138	$ (71,287)	$ 826,648	$ 8,649	$ 835,297
Net income			78,096					78,096		78,096
Cash dividends, $0.13 per share			(16,202)					(16,202)		(16,202)
Purchase of treasury stock				(1,649)				(1,649)		(1,649)
Disposal of treasury stock				11				11		11
Net changes in the year					4,553		22,149	26,702	(191)	26,511
Balance, March 31, 2013	$ 138,532	$ 179,223	$ 651,830	$ (25,351)	$15,372	$ 3,138	$ (49,138)	$ 913,606	$ 8,458	$ 922,064

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Operating activities:			
Income before income taxes and minority interests	¥ 11,372	¥ 5,934	$ 120,979
Adjustments for:			
Income taxes—paid	(1,199)	(639)	(12,755)
Depreciation and amortization	2,167	2,354	23,053
Net change in deferred gross profit on installment sales	(160)	(278)	(1,702)
Gain on sales of investment securities	(154)	(30)	(1,638)
Loss on valuation of investment securities	47		500
Loss (gain) on sale or disposal of property, plant and equipment	156	(74)	1,660
Loss on impairment of long-lived assets	27		287
Changes in assets and liabilities:			
Notes and accounts receivable	(4,500)	(5,166)	(47,872)
Inventories	(8,650)	(4,285)	(92,021)
Allowance for doubtful accounts	204	(351)	2,170
Notes and accounts payable	1,038	14,673	11,043
Liability for retirement benefits	(38)	(146)	(404)
Other—net	1,878	1,621	19,977
Total adjustments	(9,184)	7,679	(97,702)
Net cash provided by operating activities	2,188	13,613	23,277
Investing activities:			
Purchases of property, plant and equipment	(2,435)	(878)	(25,904)
Proceeds from sales of property, plant and equipment	7	143	74
Proceeds from sales of investment securities	419	40	4,457
Other—net	36	(173)	384
Net cash used in investing activities	(1,973)	(868)	(20,989)
Financing activities:			
Increase in short-term borrowings—net	713	1,426	7,585
Proceeds from long-term debt	1,411	556	15,010
Repayments of long-term debt	(2,383)	(3,916)	(25,351)
Purchases of treasury stock	(31)	(27)	(330)
Disposal of treasury stock	0	2	0
Dividends paid	(1,523)	(381)	(16,202)
Dividends paid to minority shareholders	(13)	(10)	(138)
Other—net	(224)	(190)	(2,383)
Net cash used in financing activites	(2,050)	(2,540)	(21,809)
Foreign currency translation adjustments on cash and cash equivalents	1,191	(417)	12,670
Net (decrease) increase in cash and cash equivalents	(644)	9,788	(6,851)
Cash and cash equivalents, beginning of year	40,156	30,368	427,191
Cash and cash equivalents, end of year	¥ 39,512	¥ 40,156	$ 420,340
Additional cash flow information:			
Interest paid	¥ 585	¥ 700	$ 6,223

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TADANO LTD. and consolidated subsidiaries
Year ended March 31, 2013

1. Basis of presentation of 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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.
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.
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 ¥94 to $1, the approximate rate of exchange at March 31, 2013. 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, 2013 include the accounts of the Company and its 26 significant (24 in 2012) 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 remaining 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 acquisition over the fair value of the net assets of an 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 also 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 that 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. However, 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, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c) Business Combinations

In October 2003, the Business Accounting Council 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 allowed 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 previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are 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 price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

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 in a separate component of equity.
Nonmarketable 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 of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on 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 March 31, 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 statement of income. 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, 2013, the carrying amount of the land after the above one-time revaluation exceeds the estimated fair value by ¥6,230 million ($66,277 thousand).

l) Accrued Product Warranties

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

m) Liability for Retirement Benefits

The Company and domestic subsidiaries have a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan. Several overseas-consolidated subsidiaries have defined benefit pension plans.
Liability for retirement benefits is provided based on the projected benefit obligations and plan assets at the balance sheet date.

n) Research and Development Costs

Research and development costs are charged to income as incurred.

o) 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. 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 by recognizing 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.

p) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. 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.

q) 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 statement of income to the extent that they are not hedged by forward exchange contracts.

r) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign 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 foreign subsidiaries are translated into Japanese yen at the average exchange rate.

s) 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 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 are classified and accounted for as follows: (1) 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 statement of income and (2) for derivatives used for hedging purposes, if such 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.
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.
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.

t) 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 shares outstanding for the period, retroactively adjusted for stock splits.
Diluted net income per share is not disclosed because there are no potentially dilutive securities for the years ended March 31, 2013 and 2012.
Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

u) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standards, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provision, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation – When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.

v) New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.
Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.
The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. Notes and accounts receivable

Notes and accounts receivable at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Accounts receivable	**¥ 27,363**	¥ 24,811	**$ 291,096**
Notes receivable:			
Due within one year	**13,013**	9,390	**138,436**
Due after one year	**444**	841	**4,724**
Total	**¥ 40,820**	¥ 35,042	**$ 434,256**

4. Marketable and investment securities

Marketable and investment securities at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Non-current			
Equity securities	**¥ 6,507**	¥ 6,152	**$ 69,224**
Other	**27**	38	**287**
Total	**¥ 6,534**	¥ 6,190	**$ 69,511**

The costs and aggregate fair values of marketable and investment securities at March 31, 2013 and 2012, 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, 2013								
Securities classified as:								
Available-for-sale:								
Equity securities	**¥ 4,195**	**¥ 2,214**	**¥ 47**	**¥ 6,362**	**$ 44,628**	**$ 23,553**	**$ 500**	**$ 67,681**
Other	**30**		**3**	**27**	**319**		**32**	**287**
At March 31, 2012								
Securities classified as:								
Available-for-sale:								
Equity securities	¥ 4,441	¥ 1,778	¥ 218	¥ 6,001				
Other	43	3	8	38				

Available-for-sale securities whose fair values are not readily determinable at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Equity securities	**¥ 145**	¥ 151	**$ 1,543**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2013 and 2012, were ¥419 million ($4,457 thousand) and ¥40 million, respectively. Net realized gains on these sales, computed on the moving-average cost basis, were ¥154 million ($1,638 thousand) and ¥30 million for the years ended March 31, 2013 and 2012, respectively.
The impairment loss on available-for-sale equity securities for the year ended March 31, 2013, was ¥47 million ($500 thousand). No impairment loss was recognized in 2012.

5. Inventories

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise and finished products	**¥ 23,233**	¥ 17,913	**$ 247,160**
Work in process	**13,351**	9,254	**142,032**
Raw materials and supplies	**8,758**	7,039	**93,170**
Total	**¥ 45,342**	¥ 34,206	**$ 482,362**

6. Long-lived assets

The Group reviewed its long-lived assets for impairment for the year ended March 31, 2013, and recognized an impairment loss of ¥27 million ($287 thousand) for machinery and equipment due to the deterioration of the profitability of a wholly owned subsidiary, JC-TADANO (Beijing) Hydraulic Co., Ltd., resulting from the drastic change in the business environment.
The carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2013. The recoverable amount of that machinery group was measured at its value in use and the discount rate used for computation of the present value of future cash flows was 9.5%. No impairment loss was recognized in 2012.

7. Short-term borrowings and long-term debt

Short-term borrowings principally consisted of a revolving credit facility, which bore interest at weighted-average rates of 0.8% and 0.9%, at March 31, 2013 and 2012, respectively.
As is customary in Japan, the Company obtains significant financing by trade notes endorsed. Such trade notes endorsed 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 ¥10,589 million ($112,649 thousand) and ¥12,721 million with certain financial institutions at March 31, 2013 and 2012, respectively.

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Bonds and loans from banks and insurance companies, with interest rates ranged from 0.80% to 2.70% and 0.89% to 4.98% at March 31, 2013 and 2012, respectively, maturing serially to 2019:	2013	2012	2013
Unsecured loans	**¥ 11,473**	¥ 12,318	**$ 122,053**
Unsecured bonds	**20,000**	20,000	**212,766**
Obligation under finance lease	**574**	649	**6,106**
Total	**32,047**	32,967	**340,925**
Less current portion	**(9,004)**	(2,638)	**(95,787)**
Long-term debt, less current portion	**¥ 23,043**	¥ 30,329	**$ 245,138**

Annual maturities of long-term debt outstanding at March 31, 2013 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2014	¥ 9,004	$ 95,787
2015	21,032	223,744
2016	245	2,607
2017	750	7,979
2018	13	138
2019 and thereafter	1,003	10,670
Total	¥ 32,047	$ 340,925

There are no assets pledged as collateral for long-term debt at March 31, 2013.

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 has a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan. The domestic consolidated subsidiaries implemented a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan on October 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. 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, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligation	**¥ 7,939**	¥ 7,124	**$ 84,458**
Fair value of plan assets	**(1,599)**	(1,461)	**(17,011)**
Unrecognized actuarial loss	**(1,623)**	(981)	**(17,266)**
Liability for retirement benefit—net	**4,717**	4,682	**50,181**
Prepaid pension cost	**19**	22	**202**
Liability for retirement benefit	**¥ 4,736**	¥ 4,704	**$ 50,383**

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, are set forth as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	**¥ 454**	¥ 472	**$ 4,830**
Interest cost	**125**	131	**1,330**
Expected return on plan assets	**(15)**	(13)	**(160)**
Recognized actuarial loss	**183**	194	**1,947**
Net periodic benefit costs	**747**	784	**7,947**
Gain on revision of retirement benefit plan		(52)	
Others	**241**	220	**2,564**
Total	**¥ 988**	¥ 952	**$ 10,511**

(Note) "Others" represents the payments to defined contribution pension plans.

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	**1.0%**	2.0%
Expected rate of return on plan assets	**1.25%**	1.25%
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 a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, 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 (noncash 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 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 37% and 40% for the years ended March 31, 2013 and 2012, respectively.
The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 168**	¥ 139	**$ 1,787**
Tax loss carryforwards	**875**	3,686	**9,309**
Pension and severance costs	**1,484**	1,502	**15,787**
Other	**3,534**	2,777	**37,596**
Less valuation allowance	**(901)**	(1,074)	**(9,585)**
Total	**5,160**	7,030	**54,894**
Deferred tax liabilities:			
Property, plant and equipment	**399**	402	**4,245**
Unrealized gain on available-for-sale securities	**765**	538	**8,138**
Land revaluation difference	**211**	211	**2,245**
Other	**41**	48	**436**
Total	**1,416**	1,199	**15,064**
Net deferred tax assets	**¥3,744**	¥5,831	**$ 39,830**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012, are as follows:

	Rate (%)	
	2013	**2012**
Normal effective statutory tax rate	**37.0**	40.0
Expenses not deductible for income tax purpose	**0.7**	1.3
Per capita inhabitants tax	**0.9**	1.1
Differences in tax rates applicable to consolidated subsidiaries	**(0.3)**	(2.5)
Valuation allowance	**0.6**	(4.6)
Tax credit for research and development costs	**(0.8)**	
Tax effect on elimination of unrealized profit	**(1.6)**	1.0
Effect of tax rate reduction		8.3
Other—net	**(0.2)**	1.7
Actual effective tax rate	**36.3**	46.3

At March 31, 2013, the Group has tax loss carryforwards aggregating approximately ¥2,424 million ($25,787 thousand) which are available to be offset against taxable income in future years. These tax loss carryforwards will mostly expire in 2020.

11. Contingent liabilities

At March 31, 2013, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of customers' loans and lease obligations	**¥ 6,018**	**$ 64,021**
Trade notes endorsed	**530**	**5,638**

12. Research and development costs

Research and development costs included in selling, general and administrative expenses were ¥3,999 million ($42,543 thousand) and ¥3,481 million for the years ended March 31, 2013 and 2012, respectively.

13. Leases

The Group has a number of lease agreements for certain machinery, computer equipment and other assets.

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, 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, 2013:						
Acquisition cost	**¥ 534**	**¥ 129**	**¥ 663**	**$ 5,681**	**$ 1,372**	**$ 7,053**
Accumulated depreciation	**434**	**102**	**536**	**4,617**	**1,085**	**5,702**
Net leased property	**¥ 100**	**¥ 27**	**¥ 127**	**$ 1,064**	**$ 287**	**$ 1,351**
At March 31, 2012:						
Acquisition cost	¥ 587	¥ 552	¥ 1,139			
Accumulated depreciation	443	477	920			
Net leased property	¥ 144	¥ 75	¥ 219			

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 57	¥101	$ 606
Due after one year	81	138	862
Total	¥138	¥239	$1,468

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, and are computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2013 and 2012, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Depreciation expense	¥ 96	¥153	$1,021
Interest expense	4	7	43
Total	¥100	¥160	$1,064
Lease payments	¥105	¥168	$1,117

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, 2013:						
Acquisition cost	¥ 30	¥ 0	¥ 30	$320	$ 0	$320
Accumulated depreciation	26	0	26	277	0	277
Net leased property	¥ 4	¥ 0	¥ 4	$ 43	$ 0	$ 43
At March 31, 2012:						
Acquisition cost	¥ 73	¥ 0	¥ 73			
Accumulated depreciation	61	0	61			
Net leased property	¥ 12	¥ 0	¥ 12			

Future lease revenues under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 3	¥ 9	$ 32
Due after one year		3	
Total	¥ 3	¥12	$ 32

Depreciation expense and imputed interest income computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2013 and 2012, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Depreciation expense	¥ 9	¥ 14	$ 96
Interest income	0	0	0
Total	¥ 9	¥ 14	$ 96
Lease revenue	¥ 9	¥ 15	$ 96

14. Financial instruments and related disclosures

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 some bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using 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, 2013.

Market risk management (foreign exchange risk and interest rate risk)
Foreign currency trade receivables 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 loans payable.
Marketable and investment securities are managed by the monitoring market values and financial position of issuers on a regular basis.

The 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 highly rated financial institutions.

Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices 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, 2013	Carrying amount	Fair value	Unrealized (loss) gain	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 39,512	¥ 39,512		$ 420,340	$ 420,340	
Short-term investments	70	70		745	745	
Notes and accounts receivable	40,821			434,266		
Allowance for doubtful accounts	(361)			(3,840)		
Notes and accounts receivable—net	40,460	40,451	¥ (9)	430,426	430,330	$ (96)
Investment securities	6,389	6,389		67,968	67,968	
Total	¥ 86,431	¥ 86,422	¥ (9)	$ 919,479	$ 919,383	$ (96)
Short-term borrowings	¥ 6,660	¥ 6,660		$ 70,851	$ 70,851	
Current portion of long—term debt	9,004	9,004		95,787	95,787	
Notes and accounts payable	34,675	34,675		368,883	368,883	
Income taxes payable	2,009	2,009		21,372	21,372	
Long-term debt	23,043	23,334	¥ 291	245,138	248,234	$ 3,096
Total	¥ 75,391	¥ 75,682	¥ 291	$ 802,031	$ 805,127	$ 3,096

	Millions of yen		
March 31, 2012	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 40,156	¥ 40,156	
Short-term investments	70	70	
Notes and accounts receivable	35,042		
Allowance for doubtful accounts	(480)		
Notes and accounts receivable—net	34,562	34,547	¥ (15)
Investment securities	6,039	6,039	
Total	¥ 80,827	¥ 80,812	¥ (15)
Short-term borrowings	¥ 5,135	¥ 5,135	
Current portion of long-term debt	2,638	2,638	
Notes and accounts payable	31,121	31,121	
Income taxes payable	806	806	
Long-term debt	30,329	30,606	¥ 277
Total	¥ 70,029	¥ 70,306	¥ 277

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. Fair value information 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

Fair value information 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, 2013	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	¥39,512				$420,340			
Short-term investments	70				745			
Notes and accounts receivable	40,377	¥ 430	¥ 12	¥ 2	429,543	$ 4,574	$ 128	$ 21
Total	¥79,959	¥ 430	¥ 12	¥ 2	$850,628	$ 4,574	$ 128	$ 21

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 the Group's 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.

No derivative transaction was recognized in 2013. Derivative transactions to which hedge accounting is applied at March 31, 2012, is as follows:

	Millions of yen			
March 31, 2012	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥1,417		*1
Selling EUR	Receivables	426		*1

*1 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

The components of other comprehensive income (loss) for the years ended March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gain on available-for-sales securities:			
Gains arising during the year	¥ 656	¥ 631	$ 6,979
Foreign currency translation adjustments:			
Gains (loss) arising during the year	¥ 2,169	¥ (886)	$ 23,074
Amount before income tax effect	2,825	(255)	30,053
Income tax effect	(227)	176	(2,415)
Total other comprehensive income (loss)	¥ 2,598	¥ (79)	$ 27,638

	Millions of yen			Thousands of U.S. dollars		
	Amount before income tax effect	Income tax effect	Amount after income tax effect	Amount before income tax effect	Income tax effect	Amount after income tax effect
March 31, 2013						
Unrealized gain on available-for-sales securities	¥ 656	¥ (227)	¥ 429	$ 6,979	$ (2,415)	$ 4,564
Land revaluation difference						
Foreign currency translation adjustment	2,169		2,169	23,074		23,074
Total other comprehensive income	¥ 2,825	¥ (227)	¥ 2,598	$ 30,053	$ (2,415)	$ 27,638
March 31, 2012						
Unrealized gain on available-for-sales securities	¥ 631	¥ (173)	¥ 458			
Land revaluation difference		349	349			
Foreign currency translation adjustment	(886)		(886)			
Total other comprehensive loss	¥ (255)	¥ 176	¥ (79)			

17. Segment information

Under the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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.

1. Description of reportable segments

The Group's reportable segments are those for which separate 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's reportable segments consist of Japan, Europe and America.

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 with 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, assets and other items is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net sales:			
Japan			
Sales to external customers	¥ 85,638	¥ 75,649	$ 911,043
Intersegment sales or transfers	29,546	23,178	314,319
Total	115,184	98,827	1,225,362
Europe			
Sales to external customers	15,237	12,337	162,096
Intersegment sales or transfers	12,368	9,830	131,574
Total	27,605	22,167	293,670
America			
Sales to external customers	22,477	16,879	239,117
Intersegment sales or transfers	332	464	3,532
Total	22,809	17,343	242,649
Other areas			
Sales to external customers	11,484	9,345	122,170
Intersegment sales or transfers	211	120	2,245
Total	11,695	9,465	124,415
Reconciliations	(42,457)	(33,592)	(451,670)
Consolidated total	¥ 134,836	¥ 114,210	$ 1,434,426
Segment profit:			
Japan	¥ 8,680	¥ 4,173	$ 92,340
Europe	1,207	119	12,840
America	1,737	653	18,479
Other areas	776	908	8,255
Reconciliations	(1,475)	43	(15,691)
Consolidated total	¥ 10,925	¥ 5,896	$ 116,223
Segment assets:			
Japan	¥ 146,005	¥ 142,427	$ 1,553,245
Europe	21,899	14,145	232,968
America	18,024	11,030	191,745
Other areas	8,996	6,256	95,702
Reconciliations	(17,313)	(12,682)	(184,181)
Consolidated total	¥ 177,611	¥ 161,176	$ 1,889,479
Other			
Depreciation:			
Japan	¥ 1,721	¥ 1,917	$ 18,309
Europe	303	309	3,223
America	94	83	1,000
Other areas	49	45	521
Consolidated total	¥ 2,167	¥ 2,354	$ 23,053
Increase in property, plant and equipment and intangible assets:			
Japan	¥ 1,705	¥ 800	$ 18,138
Europe	629	318	6,691
America	220	419	2,340
Other areas	372	47	3,959
Consolidated total	¥ 2,926	¥ 1,584	$ 31,128

Notes:
1. "Other areas" consisted of operation of overseas subsidiaries in Asia, Oceania and others.
2. 1) Reconciliations for segment profit mainly consisted of elimination of intersegment unrealized profit of ¥1,478 million ($15,723 thousand) and ¥37 million for the years ended March 31, 2013 and 2012, respectively.
   2) Reconciliations for segment assets mainly consisted of elimination of intersegment balance of ¥14,654 million ($155,894 thousand) and ¥11,377 million, and elimination of intersegment unrealized profit of ¥2,660 million ($28,298 thousand) and ¥1,305 million for the years ended March 31, 2013 and 2012, respectively.
3. Segment profit is reconciled to consolidated operating income.

Information about products/services

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net sales:			
Mobile Cranes	**¥ 80,547**	¥ 66,440	**$ 856,883**
Truck Loader Cranes	**15,213**	11,373	**161,840**
Aerial Work Platforms	**12,854**	11,789	**136,745**
Other	**26,222**	24,608	**278,958**
Total	**¥134,836**	¥114,210	**$1,434,426**

Information about geographical area

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net sales:			
Japan	**¥ 68,675**	¥ 61,338	**$ 730,585**
Europe	**12,510**	11,643	**133,085**
America	**22,608**	16,951	**240,511**
Other areas	**31,043**	24,278	**330,245**
Total	**¥134,836**	¥114,210	**$1,434,426**
Net property, plant and equipment:			
Japan	**¥ 30,335**	¥ 30,368	**$ 322,713**
Europe	**2,786**	2,083	**29,638**
America	**758**	643	**8,064**
Other areas	**706**	355	**7,511**
Total	**¥ 34,585**	¥ 33,449	**$ 367,926**

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, 2013.

18. Per share information

Basic net income per share ("EPS") for the years ended March 31, 2013 and 2012, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	
For the year ended March 31, 2013:				
Basic EPS				
Net income available to common shareholders	**¥ 7,341**	**126,928**	**¥ 57.84**	**$0.62**
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥ 3,145	126,985	¥ 24.77	

19. Subsequent events

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2013, was approved at the Company's shareholders meeting held on June 25, 2013:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥7.00 ($0.07) per share	**¥ 888**	**$ 9,447**

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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To the Board of Directors of TADANO LTD.:

We have audited the accompanying consolidated balance sheet of TADANO LTD. and consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit 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 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2013

Member of
Deloitte Touche Tohmatsu

CORPORATE DATA

PAID-IN CAPITAL

JPY13,021 million (As of March 31, 2013)

NUMBER OF EMPLOYEES

1,328 (As of March 31, 2013)

CONSOLIDATED NUMBER OF EMPLOYEES

3,144 (As of March 31, 2013)

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