TADANO

2015

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.

Contents

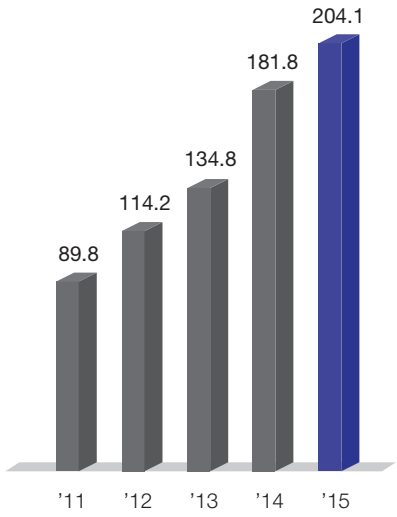
FINANCIAL HIGHLIGHTS

Tadano Ltd. and consolidated subsidiaries
Years ended March 31, 2015 and 2014

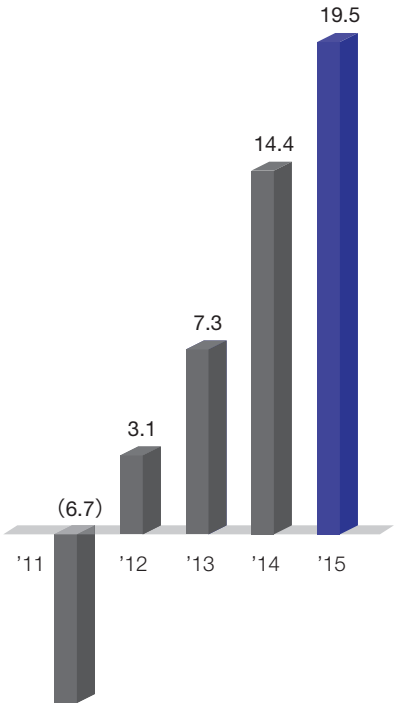
	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net sales	**¥ 204,059**	¥ 181,764	**$ 1,700,496**
Operating income	**29,462**	21,140	**245,519**
Net income	**19,483**	14,410	**162,364**
Total assets	**223,608**	198,944	**1,863,404**
Net property, plant and equipment	**38,292**	36,859	**319,101**
Total equity	**122,141**	102,965	**1,017,843**
	Yen		U.S. dollars
Per share of common stock			
Basic net income	**¥ 153.78**	¥ 113.68	**$ 1.28**
Cash dividends applicable to the year	**23.00**	19.00	**0.19**

Note: U.S. dollar figures have been translated into yen at the rate of ¥120 = US$1 for convenience only.

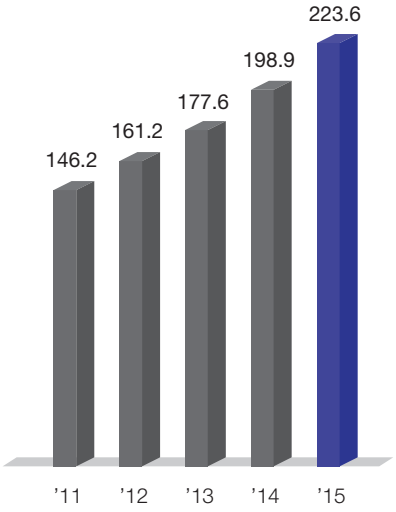
Net sales (Billions of yen)



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 28 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, 2015.

▶ Overview

The Japanese economy recovered at a gentle pace during the fiscal year under review. Reaction to the consumption tax hike weakened in the second half, while personal consumption and productivity recovered and capital investment improved, backed by improving corporate earnings. The U.S. economy maintained steady growth; the European economy showed signs of recovery; and the slowing trend in certain emerging markets grew more pronounced. Factors such as falling crude oil prices and geopolitical risks contributed to a growing sense of uncertainty.

In our industry, growing utilization rates in the Japanese market driven by factors including earthquake restoration and recovery, disaster preparedness and mitigation, and efforts to address an aging infrastructure resulted in a perceived shortage of cranes. Demand grew, backed by rising prices and stronger business confidence after the decision to hold the 2020 Olympics in Tokyo. Overall demand fell outside Japan, with some regional variation. Demand grew in Europe, Asia, and the Middle East but fell in North America, Central and South America, and Australia.

Boosted by growth in sales of mobile cranes, truck loader cranes, and aerial work platforms, sales in the Japanese market totaled 100,523 million yen, up 16.5% from the previous fiscal year. Thanks to company efforts focusing on expanding sales of larger products and capturing demand related to plants and infrastructure, sales outside Japan totaled 103,535 million yen, up 8.4% from the previous fiscal year. As a result, total sales climbed to 204,059 million yen, up 12.3% from the previous fiscal year. Sales outside of Japan accounted for 50.7% of all sales.

TO OUR SHAREHOLDERS

Sales growth, maintenance and improvement of sales prices, cost savings, the effects of exchange rates, and other factors resulted in an operating income of 29,462 million yen, up 39.4% from the previous fiscal year. Net income for the current year totaled 19,483 million yen, up 35.2% from the previous fiscal year.

These figures resulted in a fourth consecutive year of revenue and profit growth. Both sales and profits reached record highs for the second consecutive year. Sales totals for the Japanese market and for markets outside Japan both exceeded 100 billion yen. Total overall sales surpassed 200 billion yen for the first time.

▶ Outlook for the Next Term

We expect the Japanese economy, supported by several trends, to exhibit gentle recovery. These trends include growing capital investment backed by improving corporate earnings, as low crude oil prices support a recovery in personal consumption and export growth. Outside Japan, although we expect solid growth in the U.S. economy and economic recovery in Europe, there are concerns such as those raised by downward pressures on emerging markets, falling crude oil prices, issues related to European debt, and geopolitical risks.

We expect demand in the Japanese market to remain high, backed by high utilization rates driven by factors including earthquake restoration and recovery, disaster preparedness and mitigation, efforts to address an aging infrastructure, and construction demand for the 2020 Olympics in Tokyo, along with price improvements. Amid concerns raised by falling crude oil prices, we expect an overall decline in overseas demand. We project increased demand in Asia, relatively little change in demand in North America and Europe, and lower demand in the Middle East.

Under the Tadano Group Mid-Term Management Plan (14-16), the Tadano Group will implement seven strategies to realize three priorities, based on its basic policy of becoming a Stronger Company.

- A Stronger Company means being able to continuously generate profits and develop human resources year after year, no matter what environment it faces.
- Three priorities:
  Further Globalization, Higher Resilience, Enhanced Competitiveness.
- Seven strategies:
  (1) Enhance volume & quality in Core Markets, Expand volume in Strategic Markets
  (Core Markets: Japan, Europe, and North America; Strategic Markets: all other markets)
  (2) Provide No. 1 products and expand our sales lineup
  (3) Pursue global & flexible MONOZUKURI
  (4) Provide Outstanding Quality & Service
  (5) Improve life-cycle value of our products
  (6) Raise profitability level
  (7) Strengthen the Tadano Group & global management structure

In fiscal year 2015, we will move forward with efforts for the second fiscal year of the Tadano Group Mid-Term Management Plan (14-16) and we will ready ourselves for potential market reversals.

July 2015

Koichi Tadano
Representative Director
President and CEO

REVIEW OF OPERATIONS

Mobile Cranes

Thanks to a focus on expanding sales amid growing demand, Japanese sales of mobile cranes rose by 23.9% from the previous fiscal year to 47,455 million yen. Outside Japan, even as demand fell, sales rose by 9.6% from the previous fiscal year to 88,964 million yen, driven by increased market share resulting from expanded sales of larger products and captured demand from plants and infrastructure. Total sales of mobile cranes increased by 14.2% from the previous fiscal year to 136,419 million yen.

Truck Loader Cranes

Backed by rising truck demand and continued high installation rates, Japanese sales of truck loader cranes rose by 14.6% from the previous fiscal year to 19,683 million yen. Sales outside Japan totaled 1,145 million yen, down 19.0% from the previous fiscal year. Total sales of truck loader cranes increased to 20,829 million yen, up 12.0% from the previous fiscal year.

Aerial Work Platforms

Although overall demand remained largely unchanged, a focus on expanding sales to the rental industry and growing need for infrastructure inspections boosted sales of aerial work platforms by 17.6% from the previous fiscal year to 17,493 million yen.

Other Businesses

Sales of parts, repairs, used cranes, and other products and services rose by 1.6% from the previous fiscal year to 29,317 million yen.

Overseas Operations

Against a background of stable, high petroleum prices through the first half of the year, mobile lifting equipment demand in fiscal year 2014 grew in the key markets of the Middle East and Southeast Asia, primarily in sectors related to plants and infrastructure. However, certain regional variations were apparent, including demand in North American markets, which fell from the heights of 2012-2013, even while the overall North American economy maintained steady growth. Demand also fell in the markets of Australia and Central and South America, where economies slowed due to falling resource prices.

Amid these business conditions, Tadano's overseas sales rose 8.4% from the previous fiscal year to a new record high. Contributing factors included efforts to expand sales of larger products and efforts targeting plant and infrastructure-related demand in North America and the Middle East, as well as improved price competitiveness resulting from yen devaluation since October. On the other hand, booming demand drove Japanese sales significantly higher, and as a result, overseas sales accounted for 50.7% of Tadano's sales - down from 52.5% in fiscal year 2013.

AT-150S
Aerial Work Platform

▶ Research and Development Activities

The Tadano Group (Tadano Ltd. and its consolidated subsidiaries) undertakes the majority of its research and development activities through Tadano Ltd.'s Research and Development Division, which develops cranes, aerial work platforms, and applied products to meet the needs of both domestic and overseas markets. This division also pursues applied research on innovative and cutting-edge technology development. For the consolidated fiscal year under review, total Tadano Group expenditures for R&D activities were ¥4,876 million, including R&D material, personnel, and other costs.

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

(1) Japan

- We introduced an ATF100G-4 all terrain crane model aimed at the Japanese market. This model is a modification of the ATF90G-4 that is being sold in Europe, with an increased lifting capacity of 100 tons. We are currently seeking to expand sales of this model in the Japanese market. It offers the longest boom in its class, and it can travel on ordinary roads, even with the boom and superstructure attached. This feature provides cost savings on disassembly for transportation, dramatically reduces the time required for reassembling the unit on site, and results in greatly improved safety.
- We developed and introduced four overseas models of rough terrain cranes compatible with North American emissions restrictions (the GR-1000XL-3, GR-750XL-3, GR-550XL-3, and GR-350XL-3). These models meet emissions restrictions enacted in North America in January 2014 while maintaining the basic performance levels and specifications of their predecessor models (the GR-1000XL-2, GR-750XL-2, GR-550XL-2, and GR-350XL-2), which have established a strong reputation among users. They incorporate additional warning lamp and warning signal features, and their design makes for easier fuel-filter inspections, all of which amounts to further improvements in quality, safety, and maintainability. We are seeking to expand sales of this model in the North American market.
- We developed the GR-500EXL-3, a 51-ton rough terrain crane for overseas markets, and initiated sales in regions centered around India, the Middle East, Asia, South America, and Africa, where further growth is anticipated. This is the first crane for which we simultaneously developed specifications for left-hand-drive (the mainstream overseas) and right-hand-drive, commonly needed in Asia, which is a promising market for used cranes from Japan. We are currently seeking to expand sales of this model in overseas markets, positioning it as a product that meets a diverse range of customer needs by keeping prices largely unchanged from those of previous models while increasing performance. Features of the model include a 42-meter boom, the longest in its class; a compact carrier for superior performance in tight spaces; an Eco Mode that delivers environmental performance matching that of Japanese market models; and fuel consumption monitoring equipment.
- For the electric power and general rental markets, we simultaneously developed two models of 11- and 10-meter class aerial work platforms (the AT-110TE-5 and AT-100TG-5). Based on our aerial work platforms targeting the telecommunications market, these new models are designed with a focus on operating performance and suitability for work on narrow streets and in dense urban environments. We seek to expand sales of these models, whose performance rivals that of our competitors' products. They offer improvements in operability, convenience, and environmental performance, all of which result from improved fuel efficiency, reduced noise, and enhanced operability that is realized from minimizing boom shake during startup and stopping.

(2) Europe

- In Europe, we developed the ATF100G-4 as a successor to the ATF90G-4 all terrain crane. Introduced here and in other overseas markets, the new model meets European emissions standards and offers improved lifting capacity. Thanks to power train modifications, and an increased lifting capacity of 100 tons, it meets both customer needs and European emissions standards. We are currently seeking to expand sales of this model in overseas markets by emphasizing the improvements achieved in quality and safety.
- Sold mainly in the European market, the ATF70G-4 underwent a design change, and sales of the new model have begun in Europe and other overseas markets. This model meets European emissions standards and offers customers the added benefit of longer reach from a new 52.1-meter boom specification option provided in addition to the existing 44-meter boom design.

(3) The Americas

We developed and introduced the GTC-1200-1 telescopic boom crawler crane, which offers a maximum lifting capacity of 120 tons. We are currently seeking to expand sales of this model in North America and beyond to other overseas markets. This crane offers significant developments in this segment in terms of safety and reliability, while also achieving a lighter weight. These improvements were made possible through joint development between Tadano Ltd. and Tadano Mantis Corporation in the United States, in which we focused on the boom, the hydraulic drive system, and the overload prevention system.

(4) Other markets

There were no notable developments in other markets.

GR-500EXL Rough Terrain Crane for Overseas Markets Introduced

In March 2015, Tadano introduced the GR-500EXL 51-ton rough terrain crane for overseas markets. The crane offers a choice of left- or right-hand drive configurations to meet the specific needs of the destination market.

The GR-500EXL is the first rough terrain crane for overseas markets for which Tadano simultaneously developed both left-hand drive specifications, the mainstream overseas, and right-hand drive specifications, for which there is high customer demand.

Featuring a long boom and a compact carrier, this new rough terrain crane delivers in terms of stability and environmental performance, while offering ease of maintenance and outstanding value for its price.

Two Models Exhibited at Bauma China 2014, a Major Global Construction Equipment Trade Show

Held in Shanghai, China in November 2014, Bauma China 2014, a major trade show, attracted approximately 3,100 exhibitors from 41 countries. The event drew some 190,000 attendees.

The Tadano Group exhibited two crane models: the GR-800EX, a global rough terrain crane model, and the GT-350E-2 truck loader crane.

Both models impressed attendees. The Tadano booth drew even more people than during the previous Bauma China trade show.

Tadano Named as a JPX-Nikkei Index 400 Company

In August 2014, Tadano was named as a JPX-Nikkei Index 400 company. First opened in January 2014, this new index features companies that are highly attractive to investors because they meet various global investment standards, including efficient use of capital and investor-conscious management. The JPX-Nikkei Index 400 consists of 400 companies chosen primarily from the Tokyo Stock Exchange (First Section, Second Section, Mothers, and JASDAQ).

JPX-NIKKEI 400

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, Executive Vice President
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
Kenichi Sawada
Chikashi Kawamoto
Hiroyuki Fujino
Akihiko Kitamura
Hiroyuki Takaki
Yuji Tadano
Yo Kakinuma
Soroku Hashikura
Masahiko Ikeura
Kozo Hayashi
Yuji Tokuda
Yukio Gomi

STATUTORY AUDITORS

Audit and Supervisory Board Members
Yoshihito Kodama
Takashi Oshika
Kazushi Inokawa*
Yuichiro Miyake*

Note) *Outside Director or Audit and Supervisory Board Member

CONSOLIDATED BALANCE SHEET

Tadano Ltd. and consolidated subsidiaries
March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
ASSETS			
Current assets:			
Cash and cash equivalents (Note 16)	**¥ 61,262**	¥ 48,156	**$ 510,521**
Short-term investments (Note 16)	**270**	208	**2,257**
Notes and accounts receivable (Notes 4 and 16):			
Trade	**52,035**	47,872	**433,626**
Unconsolidated subsidiaries and affiliates	**293**	386	**2,442**
Allowance for doubtful accounts	**(228)**	(298)	**(1,902)**
Inventories (Note 6)	**51,384**	45,968	**428,203**
Deferred tax assets (Note 11)	**4,107**	3,950	**34,231**
Other current assets	**3,371**	4,422	**28,094**
Total current assets	**172,497**	150,668	**1,437,475**
Property, plant and equipment (Note 7):			
Land	**20,287**	20,245	**169,063**
Buildings and structures	**33,641**	31,349	**280,344**
Machinery and equipment	**17,966**	17,806	**149,723**
Lease assets	**927**	848	**7,731**
Construction in progress	**658**	989	**5,490**
Total	**73,482**	71,240	**612,354**
Accumulated depreciation	**(35,190)**	(34,380)	**(293,252)**
Net property, plant and equipment	**38,292**	36,859	**319,101**
Investments and other assets:			
Investment securities (Notes 5 and 16)	**7,805**	6,994	**65,045**
Investments in unconsolidated subsidiaries and affiliates	**1,797**	1,797	**14,978**
Goodwill	**263**		**2,195**
Deferred tax assets (Note 11)	**1,352**	1,157	**11,274**
Asset for retirement benefits (Note 9)	**17**	18	**148**
Other assets	**1,582**	1,448	**13,185**
Total investments and other assets	**12,819**	11,416	**106,827**
Total	**¥223,608**	¥ 198,944	**$1,863,404**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Tadano Ltd. and consolidated subsidiaries
March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 8 and 16)	**¥ 15,936**	¥ 6,890	**$ 132,805**
Current portion of long-term debt (Notes 8 and 16)	**388**	21,134	**3,238**
Notes and accounts payable (Note 16):			
Trade	**34,409**	29,888	**286,744**
Other	**4,427**	4,363	**36,897**
Unconsolidated subsidiaries and affiliates	**23**	199	**196**
Income taxes payable (Note 16)	**6,670**	7,651	**55,589**
Deferred gross profit on installment sales	**115**	117	**964**
Accrued product warranties	**1,784**	1,772	**14,871**
Other current liabilities	**6,075**	4,026	**50,628**
Total current liabilities	**69,832**	76,042	**581,936**
Long-term liabilities:			
Long-term debt (Notes 8 and 16)	**21,294**	10,208	**177,456**
Liability for retirement benefits (Note 9)	**7,423**	6,593	**61,861**
Deferred tax liabilities (Note 11)	**169**	155	**1,415**
Deferred tax liabilities for land revaluation (Notes 2.k and 11)	**2,222**	2,455	**18,517**
Other long-term liabilities	**524**	523	**4,372**
Total long-term liabilities	**31,634**	19,936	**263,623**
Commitments and contingent liabilities (Notes 12, 15 and 17)			
Equity (Notes 10 and 21):			
Common stock:			
Authorized—400,000,000 shares in 2015 and 2014			
Issued—129,500,355 shares in 2015 and 2014	**13,021**	13,021	**108,513**
Capital surplus	**16,849**	16,848	**140,413**
Retained earnings	**89,513**	73,074	**745,942**
Treasury stock—at cost			
2,837,160 shares in 2015 and 2,777,623 shares in 2014	**(2,587)**	(2,489)	**(21,560)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**2,391**	1,745	**19,933**
Land revaluation difference (Notes 2.k and 11)	**1,108**	874	**9,234**
Foreign currency translation adjustments	**2,110**	7	**17,584**
Defined retirement benefit plans	**(1,033)**	(955)	**(8,610)**
Total	**121,373**	102,126	**1,011,449**
Minority interests	**767**	839	**6,394**
Total equity	**122,141**	102,965	**1,017,843**
Total	**¥ 223,608**	¥ 198,944	**$1,863,404**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Tadano Ltd. and consolidated subsidiaries
Year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales	**¥ 204,059**	¥181,764	**$ 1,700,496**
Cost of sales	**144,219**	132,335	**1,201,830**
Gross profit before net change in deferred gross profit on installment sales	**59,839**	49,428	**498,665**
Net change in deferred gross profit on installment sales	**1**	76	**11**
Gross profit	**59,841**	49,505	**498,677**
Selling, general and administrative expenses (Note 13)	**30,378**	28,364	**253,157**
Operating income	**29,462**	21,140	**245,519**
Other income (expenses):			
Interest and dividend income	**333**	272	**2,775**
Interest expense	**(589)**	(569)	**(4,908)**
Foreign exchange gain	**1,004**	885	**8,368**
Loss on valuation of investment securities		(8)	
Loss on sale or disposal of property, plant and equipment	**(43)**	(223)	**(361)**
Gain on liquidation of subsidiaries and affiliates	**18**		**155**
Loss on valuation of membership	**(2)**		**(23)**
Other—net	**146**	(86)	**1,222**
Other income—net	**867**	269	**7,228**
Income before income taxes and minority interests	**30,329**	21,410	**252,748**
Income taxes (Note 11):			
Current	**11,135**	7,785	**92,798**
Deferred	**(332)**	(759)	**(2,768)**
Total income taxes	**10,803**	7,026	**90,030**
Net income before minority interests	**19,526**	14,384	**162,718**
Minority interests	**(42)**	26	**(353)**
Net income	**19,483**	14,410	**162,364**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.t and 21):			
Basic net income	**¥ 153.78**	¥ 113.68	**$ 1.28**
Cash dividends applicable to the year	**23.00**	19.00	**0.19**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Tadano Ltd. and consolidated subsidiaries
Year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net income before minority interests	**¥ 19,526**	¥ 14,384	**$ 162,718**
Other comprehensive income (Note 18):			
Unrealized gain on available-for-sale securities	**646**	299	**5,383**
Land revaluation difference	**233**		**1,944**
Foreign currency translation adjustments	**2,169**	4,751	**18,076**
Defined retirement benefit plans	**(77)**		**(648)**
Total other comprehensive income	**2,971**	5,051	**24,761**
Comprehensive income	**¥ 22,497**	¥ 19,435	**$ 187,479**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 22,388**	¥ 19,336	**$ 186,573**
Minority interests	**108**	98	**905**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Tadano Ltd. and consolidated subsidiaries
Year ended March 31, 2015

	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 on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Minority interests	Total equity
Balance, April 1, 2013	126,799	¥ 13,021	¥ 16,846	¥ 61,272	¥ (2,383)	¥ 1,445	¥ 294	¥ (4,618)		¥ 85,879	¥ 794	¥ 86,674
Net income				14,410						14,410		14,410
Cash dividends, ¥16.00 per share				(2,028)						(2,028)		(2,028)
Purchase of treasury stock	(81)				(111)					(111)		(111)
Disposal of treasury stock	5		1		4					6		6
Land revaluation difference				(579)						(579)		(579)
Net changes in the year						299	579	4,625	¥ (955)	4,550	44	4,594
Balance, March 31, 2014	126,722	13,021	16,848	73,074	(2,489)	1,745	874	7	(955)	102,126	839	102,965
(April 1, 2014, as previously reported)												
Cumulative effect of accounting change				(384)						(384)		(384)
Balance, April 1, 2014 (as restated)	126,722	13,021	16,848	72,690	(2,489)	1,745	874	7	(955)	101,741	839	102,581
Net income				19,483						19,483		19,483
Cash dividends, ¥21.00 per share				(2,660)						(2,660)		(2,660)
Purchase of treasury stock	(62)				(99)					(99)		(99)
Disposal of treasury stock	2		1		2					3		3
Net changes in the year						646	233	2,102	(77)	2,905	(72)	2,833
Balance, March 31, 2015	126,663	¥ 13,021	¥ 16,849	¥ 89,513	¥ (2,587)	¥ 2,391	¥ 1,108	¥ 2,110	¥ (1,033)	¥121,373	¥ 767	¥122,141

	Thousands of U.S. dollars (Note 1)										
Balance, March 31, 2014	$ 108,513	$ 140,400	$ 608,957	$ (20,749)	$ 14,544	$ 7,290	$ 59	(7,962)	$ 851,053	$ 6,995	$ 858,048
(April 1, 2014, as previously reported)											
Cumulative effect of accounting change			(3,204)						(3,204)		(3,204)
Balance, April 1, 2014 (as restated)	108,513	140,400	605,752	(20,749)	14,544	7,290	59	(7,962)	847,848	6,995	854,843
Net income			162,364						162,364		162,364
Cash dividends, $0.17 per share			(22,174)						(22,174)		(22,174)
Purchase of treasury stock				(830)					(830)		(830)
Disposal of treasury stock		12		19					31		31
Net changes in the year					5,388	1,944	17,524	(648)	24,209	(600)	23,608
Balance, March 31, 2015	$ 108,513	$ 140,413	$ 745,942	$ (21,560)	$ 19,933	$ 9,234	$ 17,584	$ (8,610)	$1,011,449	$ 6,394	$1,017,843

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Tadano Ltd. and consolidated subsidiaries
Year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Operating activities:			
Income before income taxes and minority interests	¥ 30,329	¥ 21,410	$ 252,748
Adjustments for:			
Income taxes—paid	(11,619)	(2,935)	(96,827)
Depreciation and amortization	2,664	2,366	22,204
Net change in deferred gross profit on installment sales	(1)	(76)	(11)
Loss on valuation of investment securities		8	
Loss on sale or disposal of property, plant and equipment	43	223	361
Changes in assets and liabilities:			
Notes and accounts receivable	(3,683)	(5,692)	(30,693)
Inventories	(3,231)	4,460	(26,933)
Allowance for doubtful accounts	(32)	(92)	(269)
Notes and accounts payable	2,945	(3,459)	24,544
Liability for retirement benefits	181	232	1,510
Other—net	2,204	(978)	18,369
Total adjustments	(10,529)	(5,942)	(87,743)
Net cash provided by operating activities	19,800	15,467	165,004
Investing activities:			
Purchases of property, plant and equipment	(3,437)	(3,849)	(28,646)
Proceeds from sales of property, plant and equipment	37	198	308
Purchases of investment securities		(10)	
Payment for purchase of subsidiaries, net of cash acquired (Note 14)	(250)		(2,083)
Other—net	(429)	(92)	(3,578)
Net cash used in investing activities	(4,079)	(3,753)	(33,999)
Financing activities:			
Increase (decrease) in short-term borrowings—net	8,439	(1,475)	70,331
Proceeds from long-term debt	1,260	7,750	10,500
Repayments of long-term debt	(900)	(8,809)	(7,503)
Proceeds from issuance of bond	10,000		83,333
Payments redemption of bond	(20,000)		(166,666)
Purchases of treasury stock	(99)	(111)	(830)
Disposal of treasury stock	3	6	31
Dividends paid	(2,660)	(2,028)	(22,174)
Dividends paid to minority shareholders	(18)	(11)	(155)
Other—net	(311)	(229)	(2,596)
Net cash used in financing activites	(4,287)	(4,910)	(35,730)
Foreign currency translation adjustments on cash and cash equivalents	1,673	1,839	13,945
Net increase in cash and cash equivalents	13,106	8,643	109,219
Cash and cash equivalents, beginning of year	48,156	39,512	401,301
Cash and cash equivalents, end of year	¥ 61,262	¥ 48,156	$ 510,521
Additional cash flow information:			
Interest paid	¥ (617)	¥ (572)	$ (5,144)

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tadano Ltd. and consolidated subsidiaries
Year ended March 31, 2015

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. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.
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 ¥120 to $1, the approximate rate of exchange at March 31, 2015. 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. Japanese yen figures less than 1 million yen are rounded down to the nearest million yen, and U.S. dollar figures less than 1 thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

2. Summary of significant accounting policies

a) Consolidation

The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 27 significant subsidiaries (together, the "Group").
Under the control and influence concepts, 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 generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that 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 recorded in equity through other comprehensive income; (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 (see Note 2.u).

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 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.

TADANO FAUN GmbH acquired 100% of the net assets of Cranes UK Ltd. on April 9, 2014, and accounted for it by the purchase method of accounting.
The related goodwill is systematically amortized over 5 years.

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 is 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, 2015, the carrying amount of the land after the above onetime revaluation exceeds the estimated fair value by ¥6,510 million ($54,256 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 its 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.
Effective April 1, 2000, the Company adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 12 years within the average remaining service period.
In May 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 were followed by partial amendments from time to time through 2009.
(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or an asset (asset for retirement benefits).
(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period 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 are 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 are treated as reclassification adjustments (see Note 18).
(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, 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, all 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 the consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014, increased by ¥588 million ($4,902 thousand), and retained earnings as of April 1, 2014, decreased by ¥384 million ($3,204 thousand), while the effect on operating income and income before income taxes for the year ended March 31, 2015, was immaterial. In addition, the effect on basic net income per share ("EPS") for the year ended March 31, 2015, was immaterial.

Retirement allowances for directors and Audit & Supervisory Board members are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board members retired at each 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.
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 notes 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 that 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 that 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 income tax rates 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.

t) Per Share Information

Basic EPS 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 EPS is not disclosed because there are no potentially dilutive securities for the years ended March 31, 2015 and 2014.
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 standard, 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 Business Combinations and Consolidated Financial Statements—In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) Transactions with noncontrolling interest - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, “minority interest” under the current accounting standard will be changed to “noncontrolling interest” under the revised accounting standard.

(c) Presentation of the consolidated statement of income - In the consolidated statement of income, “income before minority interest” under the current accounting standard will be changed to “net income” under the revised accounting standard, and “net income” under the current accounting standard will be changed to “net income attributable to owners of the parent” under the revised accounting standard.

(d) Provisional accounting treatments for a business combination - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in the consolidated financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. Business Combinations

Year ended March 31, 2015
Business combination through acquisition

a) Outline of business combination

a. Name of acquired company and its main business
Company name: Cranes UK Ltd.
Main business: Sales of all terrain cranes, truck mounted cranes, rough terrain cranes and used cranes and after-sales services.

b. Purpose of the business combination
Cranes UK Ltd. owned a powerful sales and service network in the United Kingdom and Ireland, which is one of the important markets for TADANO FAUN GmbH. Thus, the Group aims to strengthen the quality of its sales and service activities further by acquiring the business as well as perform the management activities that integrate manufacturing and sales.

c. Date of business combination
April 9, 2014

d. Legal form of the business combination
Stock acquisition in exchange for cash consideration

e. Company name after the business combination
TADANO UK Ltd.

f. Percentage of voting rights acquired
100%

g. Basis for determining the acquired company
TADANO FAUN GmbH, which is the Company's consolidated subsidiary, acquired the interests by cash consideration.

b) The period of results of operations of the acquired company, which is included in the consolidated financial statements
From April 1, 2014, to December 31, 2014

c) The acquisition cost of the acquired company and the details thereof

		Millions of yen	Thousands of U.S. dollars
Consideration for the acquisition	Cash	¥ 608	$ 5,067
Acquisition-related costs	Advisory fees and others	9	82
Acquisition cost		¥ 618	$ 5,150

d) Amount of goodwill, reason for recognizing goodwill, and method and period of amortization

a. Amount of goodwill
¥283 million ($2,361 thousands)

b. Reason for recognizing goodwill
Any excess of the acquisition cost over the net amount assigned to the assets acquired and liabilities assumed is recognized as goodwill.

c. Method and period of amortization
Straight-line method over 5 years

e) Amount and details of the assets acquired and liabilities assumed at the date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,864	$ 15,534
Noncurrent assets	1	11
Total assets	1,865	15,546
Current liabilities	1,531	12,758
Total liabilities	¥ 1,531	$ 12,758

f) Estimated impact on the consolidated statement of income for the fiscal year if the business combination had been completed at the beginning of the fiscal year and the calculation method

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 123	$ 1,026
Operating income	18	151
Income before income taxes	29	247
Net income	¥ 19	$ 165

	Yen	U. S. dollars
EPS	¥ 0.15	$ 0.0013

(Calculation method of the estimated impact)
The estimated impact amounts were calculated as the difference between sales and other profits or losses, assuming that the business combination had been completed at the beginning of the fiscal year, and the acquirer's sales and other profits or losses had been included in the consolidated statement of income. Moreover the estimated impact amounts were calculated assuming that the goodwill had occurred at the beginning of the fiscal year.
The above information is not intended to suggest possible events in the future. These amounts do not represent actual operating results had the business combination been completed at the beginning of the fiscal year.
The estimated impact has not been audited by our independent auditor.

4. Notes and accounts receivable

Notes and accounts receivable at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Accounts receivable	**¥ 36,153**	¥ 33,620	**$ 301,276**
Notes receivable:			
Due within one year	**16,096**	14,257	**134,136**
Due after one year	**78**	381	**655**
Total	**¥ 52,328**	¥ 48,259	**$ 436,068**

5. Marketable and investment securities

Marketable and investment securities at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Noncurrent			
Equity securities	**¥ 7,774**	¥ 6,966	**$ 64,786**
Other	**31**	27	**258**
Total	**¥ 7,805**	¥ 6,994	**$ 65,045**

The costs and aggregate fair values of marketable and investment securities at March 31, 2015 and 2014, 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, 2015								
Securities classified as:								
Available-for-sale:								
Equity securities	**¥ 4,148**	**¥ 3,494**	**¥ 12**	**¥ 7,630**	**$ 34,567**	**$ 29,122**	**$ 104**	**$ 63,586**
Other	**29**	**1**		**31**	**249**	**9**		**258**
At March 31, 2014								
Securities classified as:								
Available-for-sale:								
Equity securities	¥ 4,148	¥ 2,694	¥ 22	¥ 6,820				
Other	29		2	27				

Available-for-sale securities whose fair values are not readily determinable at March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Equity securities	**¥ 144**	¥ 146	**$ 1,200**

No proceeds from sales of available-for-sale securities were recognized in 2015 and 2014. No net realized gains on these sales, computed on the moving-average cost basis, were recognized in 2015 and 2014. No impairment loss was recognized in 2015. The impairment loss on available-for-sale equity securities was ¥8 million for the year ended March 31, 2014.

6. Inventories

Inventories at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Merchandise and finished products	**¥ 21,894**	¥ 20,498	**$ 182,457**
Work in process	**19,844**	15,914	**165,371**
Raw materials and supplies	**9,645**	9,555	**80,375**
Total	**¥ 51,384**	¥ 45,968	**$ 428,203**

7. Long-lived assets

No impairment loss was recognized in 2015 and 2014.

8. 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 0.7% and 0.9%, at March 31, 2015 and 2014, 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 12).
The Company has unused lines of credit amounting to ¥12,294 million ($102,453 thousand) and ¥11,610 million with certain financial institutions at March 31, 2015 and 2014, respectively.

Long-term debt at March 31, 2015 and 2014, consisted of the following:

Bonds and loans from banks and insurance companies, with interest rates ranging from 0.64% to 2.70% and 0.80% to 2.70% at March 31, 2015 and 2014, respectively, maturing serially to 2021:	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unsecured loans	**¥ 11,035**	¥ 10,670	**$ 91,964**
Unsecured bonds	**10,000**	20,000	**83,333**
Obligation under finance lease	**647**	672	**5,396**
Total	**21,683**	31,343	**180,694**
Less current portion	**(388)**	(21,134)	**(3,238)**
Long-term debt, less current portion	**¥ 21,294**	¥ 10,208	**$ 177,456**

Annual maturities of long-term debt outstanding at March 31, 2015, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2016	¥ 388	$ 3,238
2017	1,064	8,867
2018	122	1,020
2019	6,859	57,163
2020	1,784	14,867
2021 and thereafter	11,464	95,537
Total	¥ 21,683	$ 180,694

There are no assets pledged as collateral for long-term debt at March 31, 2015.

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.

9. Retirement benefits

The Company and domestic consolidated subsidiaries have a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan (the Company: From April 1, 2011 and the domestic consolidated subsidiaries: From October 10, 2011). Several overseas consolidated subsidiaries have defined benefit pension plans.
Employees are entitled to larger payments if their 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.
Some consolidated subsidiaries which have a defined benefit pension plan and a lump-sum severance payment plan recorded liabilities for retirement benefits and net periodic benefit costs based on the simplified method.

a) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	**2014**	**2015**
Balance at beginning of year (as previously reported)	**¥ 7,761**	¥ 7,462	**$ 64,679**
Cumulative effect of accounting change	**588**		**4,902**
Balance at beginning of year (as restated)	**8,349**	7,462	**69,581**
Current service cost	**352**	349	**2,934**
Interest cost	**91**	92	**765**
Actuarial losses	**415**	105	**3,464**
Benefits paid	**(467)**	(409)	**(3,895)**
Others	**16**	161	**134**
Balance at end of year	**¥ 8,758**	¥ 7,761	**$ 72,986**

(Note) The plans that applied the simplified method are not included above.

b) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	**2014**	**2015**
Balance at beginning of year	**¥ 1,400**	¥ 1,300	**$ 11,670**
Expected return on plan assets	**17**	16	**145**
Actuarial gains	**10**	4	**88**
Contributions from the employer	**372**	368	**3,106**
Benefits paid	**(225)**	(289)	**(1,876)**
Balance at end of year	**¥ 1,576**	¥ 1,400	**$ 13,134**

(Note) The plans that applied the simplified method are not included above.

c) The changes in defined benefit obligation accounted for using the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	**2014**	**2015**
Balance at beginning of year	**¥ 213**	¥ 177	**$ 1,780**
Net periodic benefit costs	**61**	63	**512**
Benefits paid	**(27)**	(3)	**(228)**
Contributions for fund	**(26)**	(24)	**(221)**
Others	**2**	(1)	**17**
Balance at end of year	**¥ 223**	¥ 213	**$ 1,861**

d) Reconciliation between the liabilities and assets recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 3,401	¥ 3,150	$ 28,341
Plan assets	(1,907)	(1,720)	(15,895)
	1,493	1,430	12,446
Unfunded defined benefit obligation	5,912	5,144	49,267
Net liability arising from defined benefit obligation	¥ 7,405	¥ 6,574	$ 61,713

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liability for retirement benefits	¥ 7,423	¥ 6,593	$ 61,861
Asset for retirement benefits	(17)	(18)	(148)
Balance at end of year	¥ 7,405	¥ 6,574	$ 61,713

(Note) The above includes liability for retirement benefits accounted by the simplified method.

e) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥ 352	¥ 349	$ 2,934
Interest cost	91	92	765
Expected return on plan assets	(17)	(16)	(145)
Recognized actuarial losses	361	261	3,015
Net periodic benefit costs accumulated by the simplified method	61	63	512
Others	46	22	388
Net periodic benefit costs	¥ 896	¥ 774	$ 7,471

f) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial losses	¥ 43		$ 361
Total	¥ 43		$ 361

g) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial losses	¥ 1,504	¥ 1,461	$ 12,539
Total	¥ 1,504	¥ 1,461	$ 12,539

h) Plan assets
a. Components of plan assets
Whole plan assets are invested in general accounts.

b. Method of determining the expected return on plan assets
Whole plan assets are invested in general accounts that invest in insurance contracts.
The Company has set the long-term expected rate return on plan assets based on the minimum expected rate of return on plan assets guaranteed by an insurance company (1.25%).

i) Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	2015	2014
Discount rate	**0.869%**	1.0%
Expected rate of return on plan assets	**1.25%**	1.25%

j) Defined contribution pension plan
Contributions for the defined contribution pension plan of the Company and domestic consolidated subsidiaries for the years ended March 31, 2015 and 2014, were ¥250 million ($2,090 thousand) and ¥244 million, respectively.

10. 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 including (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 being 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 within equity 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.

11. 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 34.6% and 37.0% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for doubtful accounts	¥ 129	¥ 158	$ 1,080
Tax loss carryforwards	652	548	5,440
Liability for retirement benefits	2,132	2,073	17,767
Other	5,236	4,712	43,635
Less valuation allowance	(1,165)	(972)	(9,710)
Total	6,985	6,520	58,213
Deferred tax liabilities:			
Property, plant and equipment	357	396	2,975
Unrealized gain on available-for-sale securities	1,091	924	9,094
Fair value of subsidiary's land on consolidation	195	210	1,625
Other	51	39	427
Total	1,694	1,571	14,122
Net deferred tax assets	¥ 5,290	¥ 4,948	$ 44,091

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2015, with the corresponding figures for 2014, is as follows:

	Rate (%)	
	2015	2014
Normal effective statutory tax rate	34.6	37.0
Expenses not deductible for income tax purpose	0.2	0.3
Per capita inhabitants tax	0.2	0.3
Differences in tax rates applicable to consolidated subsidiaries	(0.5)	(3.2)
Valuation allowance	0.9	0.5
Tax credit for research and development costs	(1.3)	(1.5)
Tax effect on elimination of unrealized profit	0.3	(1.2)
Effect of tax rate reduction	1.1	0.7
Other—net	0.1	(0.1)
Actual effective tax rate	35.6	32.8

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to approximately 32.1% and for the fiscal year beginning on or after April 1, 2016, to approximately 31.3%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥227 million ($1,897 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥114 million ($955 thousand) and land revaluation surplus by ¥233 million ($1,944 thousand), with a decrease of ¥233 million ($1,944 thousand) in related deferred tax liability, in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥342 million ($2,852 thousand).

At March 31, 2015, certain subsidiaries have tax loss carryforwards aggregating approximately ¥2,238 million ($18,654 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2016	¥ 48	$ 408
2017	21	176
2018	196	1,640
2019	327	2,731
2020	646	5,389
2021 and thereafter	996	8,307
Total	¥ 2,238	$ 18,654

12. Contingent liabilities

At March 31, 2015, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of customers' loans and lease obligations	¥ 5,242	$ 43,688
Trade notes endorsed	¥ 56	$ 468

13. Research and development costs

Research and development costs included in selling, general and administrative expenses were ¥4,876 million ($40,637 thousand) and ¥4,497 million for the years ended March 31, 2015 and 2014, respectively.

14. Supplemental cash flow information

Acquisition cost and net payments for assets and liabilities of TADANO UK Ltd., a newly consolidated subsidiary acquired through stock purchase, for the year ended March 31, 2015, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,864	$ 15,534
Noncurrent assets	1	11
Goodwill	283	2,361
Current liabilities	(1,531)	(12,758)
Acquisition cost	618	5,150
Cash and cash equivalents	(367)	(3,066)
Payment for purchase—net	¥ 250	$ 2,083

15. 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, 2015:						
Acquisition cost	¥ 480	¥ 45	¥ 526	$ 4,006	$ 377	$ 4,383
Accumulated depreciation	452	40	493	3,772	338	4,111
Net leased property	¥ 28	¥ 4	¥ 32	$ 233	$ 38	$ 272
At March 31, 2014:						
Acquisition cost	¥ 493	¥ 60	¥ 553			
Accumulated depreciation	431	49	480			
Net leased property	¥ 61	¥ 11	¥ 72			

Obligations under finance leases

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	**¥ 33**	¥ 43	**$ 281**
Due after one year	**3**	36	**25**
Total	**¥ 36**	¥ 80	**$ 306**

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, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Depreciation expense	**¥ 40**	¥ 49	**$ 333**
Interest expense	**1**	2	**9**
Total	**¥ 41**	¥ 52	**$ 343**
Lease payments	**¥ 45**	¥ 59	**$ 375**

16. 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.

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 17 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, 2015.

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 5 for investment securities whose fair values are not readily determinable and Note 17 for the details of fair values of derivatives. These amounts are not included in the table below.

	Millions of yen			Thousands of U.S. dollars		
March 31, 2015	Carrying amount	Fair value	Unrealized (loss) gain	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 61,262	¥ 61,262		$ 510,521	$ 510,521	
Short-term investments	270	270		2,257	2,257	
Notes and accounts receivable	52,328			436,068		
Allowance for doubtful accounts	(220)			(1,839)		
Notes and accounts receivable—net	52,107	52,102	¥ (5)	434,228	434,186	$ (42)
Investment securities	7,661	7,661		63,845	63,845	
Total	¥ 121,302	¥ 121,297	¥ (5)	$ 1,010,852	$ 1,010,810	$ (42)
Short-term borrowings	¥ 15,936	¥ 15,936		$ 132,805	$ 132,805	
Current portion of long-term debt	388	388		3,238	3,238	
Notes and accounts payable	38,860	38,860		323,838	323,838	
Income taxes payable	6,670	6,670		55,589	55,589	
Long-term debt	21,294	21,588	¥ 293	177,456	179,901	$ 2,444
Total	¥ 83,151	¥ 83,444	¥ 293	$ 692,928	$ 695,373	$ 2,444

	Millions of yen		
March 31, 2014	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 48,156	¥ 48,156	
Short-term investments	208	208	
Notes and accounts receivable	48,259		
Allowance for doubtful accounts	(277)		
Notes and accounts receivable—net	47,982	47,970	¥ (11)
Investment securities	6,847	6,847	
Total	¥ 103,195	¥ 103,183	¥ (11)
Short-term borrowings	¥ 6,890	¥ 6,890	
Current portion of long-term debt	21,134	21,134	
Notes and accounts payable	34,450	34,450	
Income taxes payable	7,651	7,651	
Long-term debt	10,208	10,303	¥ 94
Total	¥ 80,335	¥ 80,429	¥ 94

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 5.

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 17.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen				Thousands of U.S. dollars			
March 31, 2015	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and cash equivalents	¥ 61,262				$ 510,521			
Short-term investments	270				2,257			
Notes and accounts receivable	52,249	¥ 69	¥ 8		435,412	$ 581	$ 74	
Total	¥ 113,783	¥ 69	¥ 8		$ 948,191	$ 581	$ 74	

Please see Note 8 for annual maturities of long-term debt.

17. 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 consolidated balance sheet at year-end are not subject to the disclosure of market value information.

No derivative transactions were recognized in 2015.

Derivative transactions to which hedge accounting is applied at March 31, 2014, were as follows:

	Millions of yen			
March 31, 2014	Hedged item	Contract amount	Contract amount due after 1 year	Fair value
Foreign currency forward contract:				
Selling AUD	Receivables	¥ 61		*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.

18. Other comprehensive income

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 813	¥ 458	$ 6,781
Foreign currency translation adjustments:			
Gains arising during the year	¥ 2,172	¥ 4,751	$ 18,104
Reclassification adjustments to profit or loss	(3)		(27)
Total	2,169	4,751	18,076
Defined retirement benefit plans:			
Gains arising during the year	¥ (236)		$ (1,968)
Reclassification adjustments to profit or loss	192		1,607
Total	(43)		(361)
Amount before income tax effect	2,939	5,210	24,496
Income tax effect	31	(158)	264
Total other comprehensive income	¥ 2,971	¥ 5,051	$ 24,761

	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, 2015						
Unrealized gain on available-for-sale securities	¥ 813	¥ (167)	¥ 646	$ 6,781	$ (1,392)	$ 5,388
Land revaluation difference		233	233		1,944	1,944
Foreign currency translation adjustment	2,169		2,169	18,076		18,076
Defined retirement benefit plans	(43)	(34)	(77)	(361)	(287)	(648)
Total other comprehensive income	¥ 2,939	¥ 31	¥ 2,971	$ 24,496	$ 264	$ 24,761
March 31, 2014						
Unrealized gain on available-for-sale securities	¥ 458	¥ (158)	¥ 299			
Foreign currency translation adjustment	4,751		4,751			
Total other comprehensive income	¥ 5,210	¥ (158)	¥ 5,051			

19. Segment information

Under 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 Americas.

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
	2015	2014	2015
Net sales:			
Japan			
Sales to external customers	¥ 129,562	¥ 113,111	$ 1,079,691
Intersegment sales or transfers	35,850	33,290	298,754
Total	165,413	146,402	1,378,445
Europe			
Sales to external customers	23,855	22,263	198,796
Intersegment sales or transfers	20,473	18,428	170,613
Total	44,329	40,692	369,410
Americas			
Sales to external customers	35,084	29,379	292,371
Intersegment sales or transfers	694	172	5,791
Total	35,779	29,552	298,162
Other areas			
Sales to external customers	15,556	17,009	129,637
Intersegment sales or transfers	314	446	2,618
Total	15,870	17,455	132,255
Reconciliations	(57,333)	(52,337)	(477,777)
Consolidated total	¥ 204,059	¥ 181,764	$ 1,700,496
Segment profit:			
Japan	¥ 25,826	¥ 18,213	$ 215,220
Europe	1,968	1,629	16,401
Americas	2,597	1,791	21,647
Other areas	471	817	3,928
Reconciliations	(1,401)	(1,310)	(11,679)
Consolidated total	¥ 29,462	¥ 21,140	$ 245,519
Segment assets:			
Japan	¥ 180,662	¥ 163,315	$ 1,505,521
Europe	30,007	25,534	250,061
Americas	22,417	16,175	186,810
Other areas	11,634	11,065	96,957
Reconciliations	(21,113)	(17,147)	(175,946)
Consolidated total	¥ 223,608	¥ 198,944	$ 1,863,404
Other			
Depreciation:			
Japan	¥ 1,824	¥ 1,747	$ 15,200
Europe	527	407	4,935
Americas	122	129	1,018
Other areas	116	83	967
Consolidated total	¥ 2,589	¥ 2,366	$ 21,581
Increase in property, plant and equipment and intangible assets:			
Japan	¥ 2,400	¥ 2,334	$ 20,006
Europe	1,278	1,414	10,655
Americas	142	68	1,191
Other areas	82	360	690
Consolidated total	¥ 3,905	¥ 4,178	$ 32,543
Amortization of goodwill:			
Japan			
Europe	¥ 43		$ 363
Americas			
Other areas	31		259
Consolidated total	¥ 74		$ 623

Notes:

1. "Other areas" consists of overseas subsidiaries in Asia, Oceania and others.
2. a) Reconciliations for segment profit mainly consist of elimination of intersegment unrealized profit of ¥1,536 million ($12,804 thousand) and ¥1,344 million for the years ended March 31, 2015 and 2014, respectively.
   b) Reconciliations for segment assets mainly consist of elimination of intersegment balance of ¥15,572 million ($129,772 thousand) and ¥13,143 million and elimination of intersegment unrealized profit of ¥5,540 million ($46,174 thousand) and ¥4,004 million for the years ended March 31, 2015 and 2014, respectively.
3. Segment profit is reconciled to consolidated operating income.

4. Information about products/services

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net sales:			
Mobile Cranes	**¥136,419**	¥119,455	**$1,136,829**
Truck Loader Cranes	**20,829**	18,590	**173,575**
Aerial Work Platforms	**17,493**	14,870	**145,779**
Other	**29,317**	28,847	**244,312**
Total	**¥204,059**	¥181,764	**$1,700,496**

5. Information about geographical areas

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net sales:			
Japan	**¥100,523**	¥ 86,276	**$ 837,698**
Europe	**20,211**	16,844	**168,427**
Americas	**40,311**	30,232	**335,929**
Other areas	**43,012**	48,410	**358,441**
Total	**¥204,059**	¥181,764	**$1,700,496**
Net property, plant and equipment:			
Japan	**¥ 31,184**	¥ 30,674	**$ 259,869**
Europe	**5,299**	4,594	**44,161**
Americas	**619**	497	**5,163**
Other areas	**1,188**	1,093	**9,905**
Total	**¥ 38,292**	¥ 36,859	**$ 319,101**

Note: Net sales are classified by country or region based on the location of customers.

6. 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, 2015.

7. Information on the balance of goodwill of reportable segments

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Goodwill:			
Japan			
Europe	**¥ 263**		**$ 2,195**
Americas			
Other areas			
Total	**¥ 263**		**$ 2,195**

20. Per share information

EPS for the years ended March 31, 2015 and 2014, was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	**¥19,483**	**126,696**	**¥153.78**	**$1.28**
For the year ended March 31, 2014:				
Basic EPS				
Net income available to common shareholders	¥14,410	126,766	¥113.68	

21. Subsequent events

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2015, was approved at the Company's shareholders' meeting held on June 24, 2015:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥12.00 ($0.10) per share	**¥1,519**	**$12,666**

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 its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, 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 accordance 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 misstatement, 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 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 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 its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance 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 accordance 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 24, 2015

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE DATA

PAID-IN CAPITAL
JPY13,021 million (As of March 31, 2015)

NUMBER OF EMPLOYEES
1,469 (As of March 31, 2015)

CONSOLIDATED NUMBER OF EMPLOYEES
3,491 (As of March 31, 2015)

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