TADANO

ANNUAL REPORT

2010

Lifting your dreams

TADANO

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

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

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

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

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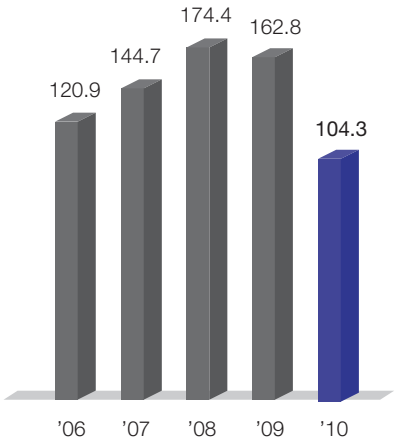
FINANCIAL HIGHLIGHTS

TADANO Ltd. and consolidated subsidiaries
Years ended March 31, 2010, 2009 and 2008

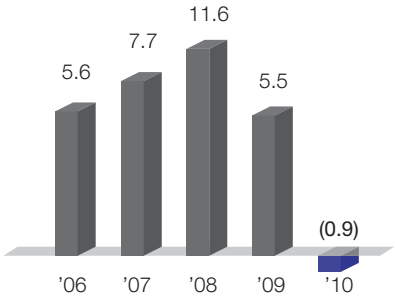
	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Net sales	**¥104,251**	¥162,768	¥174,360	**$ 1,120,978**
Operating income	**612**	10,366	17,961	**6,581**
Net income (loss)	**(896)**	5,539	11,620	**(9,634)**
Total assets	**159,875**	176,465	177,405	**1,719,086**
Net property, plant and equipment	**36,934**	37,913	36,152	**397,140**
Total equity	**84,609**	86,461	87,491	**909,774**
	Yen			U.S. dollars
Per share of common stock:				
Basic net income	**¥ (7.05)**	¥ 43.56	¥ 91.32	**$ (0.08)**
Cash dividends	**8.00**	16.00	16.00	**0.09**

Note: U.S. dollar figures have been translated into yen at the rate of ¥93 = US$1 for convenience only.

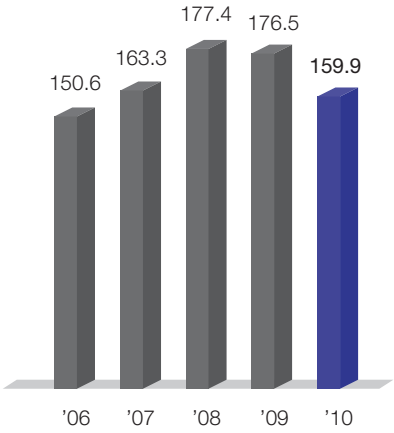
Net sales (Billions of yen)



Net income (Billions of yen)



Total assets (Billions of yen)



TO OUR SHAREHOLDERS

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

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

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

By adhering to this sound corporate philosophy, TADANO has grown into a group that now encompasses 27 subsidiaries and 4 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, 2010.

▶ Overview

During the period under review, the Japanese economy during this fiscal year saw improving corporate revenue, a halt in the downward trend of capital investment, and recovering exports and production. Nevertheless, employment and income conditions remained harsh, and prospects remained unclear.

Demand for mobile cranes declined dramatically as projects were delayed or suspended, including various overseas energy-related projects, and as domestic customers took a wait-and-see approach, delaying purchases.

In response to these dramatic changes in the business environment, the TADANO Group sought to secure net sales by mining new demand and by achieving dramatic cuts in production in various ways, including the temporary suspension of production. The Group also sought to reduce labor costs and general costs, reassigning human resources to activities targeting quality and service enhancements and launching full-scale cost-cutting activities to slash costs. By the end of this fiscal year, efforts to achieve major cuts in production and to secure net sales led to some success in the area of reducing inventory, the most pressing issue confronting management.

The dramatic changes in the business environment also led to significant declines in the profitability of American subsidiary TADANO MANTIS Corp. (MANTIS), acquired in December 2008. For this reason, we have chosen to book impairment losses following a review of MANTIS's goodwill at the end of the fiscal year. In connection with this move, MANTIS has been made a consolidated subsidiary based on our assessment of its significance for the Group.

With significant declines in the sales of mobile cranes and other products, domestic sales fell 34.5% compared with the previous fiscal year, to 48,059 million yen. Plummeting demand and a stronger yen resulted in overseas sales of 56,191 million yen, down 37.1% from the previous fiscal year. Total sales fell 36.0% compared with the previous fiscal year, to 104,251 million yen. The ratio of overseas sales to total sales was 53.9%.

Despite efforts to cut overall labor costs and other expenses, ordinary income was down 97.1% from the previous fiscal year, to 297 million yen, due to major declines in sales and rising costs

resulting from lower operating ratios and use of raw materials purchased when prices were high. The company reported a net loss of 895 million yen, vs. net income of 5,539 million yen in the previous fiscal year, primarily due to the booking of 835 million yen in impairment losses for MANTIS. Making MANTIS a consolidated subsidiary reduced operating income by 450 million yen, ordinary income by 471 million yen, and net income by 865 million yen.

In the face of these challenging times, we nevertheless recognize that corporations play a key role in ensuring harmony between society and its citizenry. The TADANO Group will therefore continue to promote business activities that contribute to the development of local and international communities and preserve the global environment. We fully intend to continue operating as a corporation that earns respect worldwide for generations to come, by living up to the expectations of all our stakeholders and by maximizing corporate value.

▶ Outlook for the Next Term

We expect the Japanese economy to improve gradually as exports continue to grow, despite sluggish private-sector demand. Overseas, the U.S. economy is projected to see a gentle recovery and the European economy to see low levels of growth. Emerging markets such as China are expected to continue driving the world economy.

In the markets in which the TADANO Group operates, while we expect various projects, including energy-related projects, to drive demand for mobile cranes, the Group's primary product, we also expect overseas demand to continue to decline due to the slow pace of recovery in the European and American markets and domestic demand to remain unchanged due to scheduled equipment replacements. Although domestic demand for truck loader cranes is expected to remain flat and domestic demand for aerial work platforms is projected to recover, conditions are expected to remain harsh for some time.

In light of dramatic changes in business conditions, the TADANO Group has suspended its Mid-Term Management Plan (08-10) since fiscal 2009 to focus on urgent countermeasures. In fiscal 2010, in addition to progress in securing sales by boosting market share and expanding sales of Group products, slashing costs through SVE (Super Value Engineering) activities, and achieving appropriate inventory levels, we plan to concentrate on quality and service — the sources of our competitive strength — as well as on improving quality and reinforcing customer service systems.

July 2010

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

REVIEW OF OPERATIONS

▶ Mobile Cranes

In an environment in which businesses put off purchases due to concerns about economic prospects, a trend that cut sales by half, efforts to expand domestic market share resulted in the highest market share ever; domestic sales totaled 18,699 million yen, down 48.2% from the previous fiscal year. Major declines in demand and a stronger yen led to overseas sales of 47,012 million yen, down 36.3% from the previous fiscal year. Overall sales of mobile cranes fell 40.2% compared with the previous fiscal year, to 65,712 million yen.

▶ Truck Loader Cranes

Demand for trucks fell to the lowest level ever recorded. Despite efforts to expand sales of new models offering improved mileage and quality, sales of truck loader cranes fell 38.6% compared with the previous fiscal year, to 6,808 million yen.

▶ Aerial Work Platforms

Sales of aerial work platforms fell 30.7% compared with the previous fiscal year, to 8,283 million yen, due to precipitous declines in demand from the power and electric, telecommunications, and rental-industry sectors. This was despite efforts that resulted in the highest market shares ever.

▶ Others

Sales of parts, repairs, used cranes, and other products and services were 23,447 million yen, down 21.4% from the previous fiscal year.

▶ Overseas Operations

During the fiscal year under review, in keeping with trends observed in the last half of fiscal 2008, various overseas energy and other projects were suspended or postponed due to the impact of the lingering financial crisis triggered by the Lehman Shock. Overseas demand for construction cranes remained sluggish.

Markets in Europe and the United States, which sustained minimal effects from the global financial crunch in fiscal 2008, showed significant declines in demand during the fiscal year under review. Overseas demand for construction cranes dropped to 56% of levels seen in fiscal 2008 and 2009.

Despite these trends, the TADANO Group registered an overseas sales ratio of 53.9% during the fiscal year, thanks to efforts to explore and develop overseas markets, including efforts to increase market share in each business sector and to expand product support activities in pursuit of the goal—set in the "Global 60" overseas strategy—of boosting the overseas sales ratio to 60%.

AT-150S
Aerial work platform

▶ Research and Development Activities

The TADANO Group (TADANO Ltd. and its consolidated subsidiaries) conducts most of its research and development at TADANO Ltd.'s R&D Division, comprising the Development Department, Development and Planning Department and the Technology Research Center. The R&D Division develops cranes, aerial work platforms and applied products for both domestic and overseas markets while also pursuing applied research into innovative, cutting-edge technologies. For the fiscal year ended March 31, 2010, total consolidated expenditures for R&D activities, including R&D material costs, personnel costs and others were ¥4,010 million.

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

Major Accomplishments for Fiscal 2010

1. Construction Machinery Business

(1) Mobile Cranes

Domestic market

We developed the ATF360G-6 as an all-terrain crane, using new materials and incorporating a 60-m round ESP boom. This lightweight, high-performance crane is designed to expand domestic sales.

Overseas markets

We added the newly developed ATF130G-5 as an all terrain crane to expand our global AC lineup. This model boasts class-leading lifting performance and boom length. This new model is designed to expand overseas sales.

Regarding truck cranes, we have also developed the GT-600EX, which features a round boom. The GT-600DX also features a carrier developed in-house for improved safety and quality. We are energetically promoting sales of this product in the global market.

(2) Truck Loader Cranes

We added the newly developed ZEST Series truck loader cranes (TM-ZE290, ZE260, ZE250) to our truck loader crane lineup. Designed to achieve improved safety and low environmental impact, these models are being promoted for sale in various markets.

Regarding cargo cranes, we developed the TM-ZR865 to meet legal requirements and customer demand in Taiwan and Australia. Provided standard with an AML (Automatic Moment Limiter) for improved safety, this model will expand sales in various markets.

The newly developed SS-38 (S-RIDE) slide carrier offers the smallest platform tilt angle at the 1-degree scale, thus ensuring much enhanced ease for vehicle loading than the previous one.

(3) Aerial Platforms

We developed the compact aerial platform “Bridge Checker” (BT-200) for use in inspecting bridges. The product’s improved work efficiency should help expand sales.

We also developed the AT-300CG, the first aerial platform in Japan that requires no more than a medium-class crane operator’s license. It allows deeper insertion lengths and is expected to boost sales by meeting demand for platforms capable of reaching great heights.

The AW-370TG, AW-250TG, and AW-215TG self-propelled aerial platforms were developed to meet emissions standards in Japan and China. These platforms also offer greater speed and climbing ability than previous models. Current efforts include aggressive sales of these products in various markets.

2. New Areas

In rough terrain crane, we developed the Rail & Road crane, GR-120NDW that requires no special road use permits or crane operator's license. This model should expand the market related to the railway construction and maintenance.

GT-600EX
Truck Crane

Trade Fair Display of New TADANO MANTIS Products

TADANO MANTIS Corporation (which joined the TADANO Group in December 2008) and TADANO America Corporation jointly exhibited a telescopic crawler crane at the ICUEE international construction and utility equipment exposition, held in North America in October 2009.

In April 2010, TADANO MANTIS displayed its GTC-700EX telescopic-boom crawler crane (with its 70-ton lifting capacity) at bauma 2010, the world's largest-class international trade fair for construction machinery and other equipment. The crane will expand sales channels in countries and regions outside North America.

GR-600N
Rough terrain crane

TM35100
Boom Truck

Establishment of Joint Venture Company for Metal Parts in China

In January 2010, TADANO joined hands with Amron Corporation and KAWANISHI Co., Ltd., business partners in Japan, to establish JINTIANLI-TADANO (HEBEI) IRONPARTS Co., Ltd.

This joint venture company will supply metal parts produced based on a Japanese management system to BQ-TADANO (BEIJING) CRANE Co., Ltd. (established in 2003), the TADANO Group's truck crane manufacturing base in China, with the goal of improving product quality while reducing costs.

Establishment of Sales and Service Company in Oceania

In March 2010, TADANO established TADANO Oceania Pty. Ltd., a sales and service company, in Brisbane, Australia. Blessed with abundant natural resources, Australia is expected to show growing demand related to the construction of mining plants, as the cost of various resources continue to rise. TADANO Oceania gives the TADANO Group the means to strengthen sales and service activities through close ties to local users. The move will also boost its presence and increase sales shares in the Oceania region.

GTC-700EX
Telescopic Crawler Crane

BOARD OF DIRECTORS, OFFICERS AND STATUTORY AUDITORS

From left:
Nobuhiko Ito
Tadashi Suzuki
Koichi Tadano
Syuji Ohyabu
Yasuyuki Yoshida

BOARD OF DIRECTORS

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

Director and Senior Executive Officer
Tadashi Suzuki

Director and Executive Officer
Syuji Ohyabu

Directors
Nobuhiko Ito*
Yasuyuki Yoshida*

OFFICERS

Executive Officers
Alexander Knecht
Hisao Kitano
Yoshihito Kodama

Officers
Seiji Tadano
Minoru Sakuta
Tomohiro Ikegami
Hidemi Uchida
Yoshiaki Tsuchitani
Tamaki Okuyama
Kenichi Sawada
Yoichiro Nishi
Shinichi Iimura
Chikashi Kawamoto
Toshiyuki Takanashi

STATUTORY AUDITORS

Full-time Corporate Auditors
Masaharu Nakanishi
Yoshihide Ugawa
Hirofumi Ishikawa*

Corporate Auditors
Yuichiro Miyake*

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

CONSOLIDATED BALANCE SHEETS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 30,823**	¥ 21,396	**$ 331,430**
Short-term investments (Note 14)	**10**	70	**108**
Notes and accounts receivable (Notes 3 and 14):			
Trade	**31,002**	40,118	**333,355**
Unconsolidated subsidiaries and affiliates	**709**	440	**7,624**
Allowance for doubtful accounts	**(959)**	(1,481)	**(10,312)**
Inventories (Note 5)	**39,132**	51,003	**420,774**
Deferred tax assets (Note 10)	**2,244**	3,680	**24,129**
Other current assets	**5,006**	8,173	**53,827**
Total current assets	**107,967**	123,399	**1,160,935**
Property, plant and equipment (Note 6):			
Land	**19,889**	19,716	**213,860**
Buildings and structures	**29,118**	28,707	**313,097**
Machinery and equipment	**14,563**	13,500	**156,591**
Lease assets	**528**	488	**5,677**
Construction in progress	**99**	112	**1,065**
Total	**64,197**	62,523	**690,290**
Accumulated depreciation	**(27,263)**	(24,610)	**(293,150)**
Net property, plant and equipment	**36,934**	37,913	**397,140**
Investments and other assets:			
Investment securities (Notes 4 and 14)	**6,054**	5,945	**65,097**
Investments in unconsolidated subsidiaries and affiliates	**1,817**	5,542	**19,538**
Deferred tax assets (Note 10)	**3,621**	2,154	**38,935**
Other assets	**3,482**	1,512	**37,441**
Total investments and other assets	**14,974**	15,153	**161,011**
Total	**¥159,875**	¥176,465	**$1,719,086**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2010	2009	2010
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 7 and 14)	**¥ 5,336**	¥ 20,616	**$ 57,376**
Current portion of long-term debt (Notes 7 and 14)	**4,842**	3,383	**52,065**
Notes and accounts payable (Note 14)			
Trade notes	**1,838**	5,721	**19,763**
Trade accounts	**12,649**	25,902	**136,011**
Unconsolidated subsidiaries and affiliates	**38**	25	**409**
Income taxes payable (Notes 14)	**384**	626	**4,129**
Deferred gross profit on installment sales	**1,044**	1,652	**11,226**
Accrued product warranties	**1,043**	1,444	**11,215**
Other current liabilities	**3,506**	5,317	**37,698**
Total current liabilities	**30,680**	64,686	**329,892**
Long-term liabilities:			
Long-term debt (Notes 7 and 14)	**36,376**	17,250	**391,140**
Liability for retirement benefits (Note 8)	**4,705**	4,464	**50,591**
Deferred tax liabilities (Note 10)	**198**	214	**2,129**
Deferred tax liabilities on land revaluation	**2,804**	2,804	**30,151**
Other long-term liabilities	**503**	586	**5,409**
Total long-term liabilities	**44,586**	25,318	**479,420**
Commitments and contingent liabilities (Note 11)			
Equity (Notes 9 and 18):			
Common stock ;			
Authorized - 400,000,000 shares in 2010 and 2009			
Issued -129,500,355 shares in 2010 and 2009	**13,022**	13,022	**140,022**
Capital surplus	**16,853**	16,857	**181,215**
Retained earnings	**59,808**	62,357	**643,096**
Unrealized loss on available-for-sale securities	**(222)**	(196)	**(2,387)**
Deferred gain on derivatives under hedge accounting		5	
Land revaluation difference	**(69)**	(69)	**(742)**
Foreign currency translation adjustments	**(3,290)**	(3,700)	**(35,376)**
Treasury stock - at cost			
2,398,969 shares in 2010 and 2,373,248 shares in 2009	**(2,167)**	(2,159)	**(23,301)**
Total	**83,935**	86,117	**902,527**
Minority interests	**674**	344	**7,247**
Total equity	**84,609**	86,461	**909,774**
Total	**¥159,875**	¥176,465	**$ 1,719,086**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Net sales	**¥ 104,251**	¥ 162,768	¥ 174,360	**$ 1,120,978**
Cost of sales	**83,756**	127,343	131,002	**900,602**
Gross profit before net change in deferred gross profit on installment sales	**20,495**	35,425	43,358	**220,376**
Net change in deferred gross profit on installment sales	**607**	91	(360)	**6,528**
Gross profit	**21,102**	35,516	42,998	**226,904**
Selling, general and administrative expenses (Note 12)	**20,490**	25,150	25,037	**220,323**
Operating income	**612**	10,366	17,961	**6,581**
Other income (expenses):				
Interest and dividend income	**506**	909	859	**5,441**
Interest expense	**(746)**	(944)	(748)	**(8,022)**
Gain on sales of investment securities		1	42	
Gain on sale of investment in a subsidiary		245		
Write-down of investment securities		(951)		
Gain (loss) on sale or disposal of property, plant and equipment	**19**	(126)	(129)	**204**
Impairment loss (Note 6)	**(836)**	(4)	(26)	**(8,989)**
Reversal of allowance for doubtful accounts	**349**	517	592	**3,753**
Subsidy from the government	**328**	132		**3,527**
Foreign exchange loss	**(371)**	(175)	(89)	**(3,989)**
Other-net	**(34)**	48	(1)	**(366)**
Other income (loss)-net	**(785)**	(348)	500	**(8,441)**
Income (loss) before income taxes and minority interests	**(173)**	10,018	18,461	**(1,860)**
Income taxes (Note 10):				
Current	**614**	4,171	7,291	**6,602**
Deferred	**(20)**	204	(535)	**(215)**
Total income taxes	**594**	4,375	6,756	**6,387**
Minority interests	**(129)**	(104)	(85)	**(1,387)**
Net income (loss)	**¥ (896)**	¥ 5,539	¥ 11,620	**$ (9,634)**

	Yen			U.S. dollars (Note 1)
Per share of common stock (Notes 2.t and 17):				
Basic net income (loss)	**¥ (7.05)**	¥ 43.56	¥ 91.32	**$ (0.08)**
Cash dividends applicable to the year	**8.00**	16.00	16.00	**0.09**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2010, 2009 and 2008

	Thousands	Millions of yen										
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2007	127,339	¥13,022	¥16,865	¥48,950	¥2,706	¥ 6	¥ (74)	¥ (472)	¥(1,875)	¥79,128	¥225	¥ 79,353
Net income				11,620						11,620		11,620
Cash dividends, ¥14.00 per share				(1,782)						(1,782)		(1,782)
Repurchase of treasury stock	(148)								(242)	(242)		(242)
Disposal of treasury stock	10		5						8	13		13
Reversal of land revaluation difference due to sales of land				(5)						(5)		(5)
Net changes in the year					(2,087)	(14)	5	588		(1,508)	42	(1,466)
Balance, March 31, 2008	127,201	13,022	16,870	58,783	619	(8)	(69)	116	(2,109)	87,224	267	87,491
Adjustment of retained earnings due to the adoption of PITF No.18 (Note 2.b)				197						197		197
Net income				5,539						5,539		5,539
Cash dividends, ¥17.00 per share				(2,162)						(2,162)		(2,162)
Repurchase of treasury stock	(109)								(82)	(82)		(82)
Disposal of treasury stock	35		(13)						32	19		19
Net changes in the year					(815)	13		(3,816)		(4,618)	77	(4,541)
Balance, March 31, 2009	127,127	13,022	16,857	62,357	(196)	5	(69)	(3,700)	(2,159)	86,117	344	86,461
Net loss				(896)						(896)		(896)
Cash dividends, ¥13.00 per share				(1,653)						(1,653)		(1,653)
Repurchase of treasury stock	(34)								(15)	(15)		(15)
Disposal of treasury stock	8		(4)						7	3		3
Net changes in the year					(26)	(5)		410		379	330	709
Balance, March 31, 2010	**127,101**	**¥13,022**	**¥16,853**	**¥59,808**	**¥ (222)**		**¥ (69)**	**¥(3,290)**	**¥(2,167)**	**¥83,935**	**¥674**	**¥84,609**

	Thousands of U.S. Dollars (Note 1)										
Balance, March 31, 2009	$140,022	$181,258	$670,504	$ (2,107)	$ 54	$ (742)	$ (39,785)	$ (23,215)	$925,989	$ 3,699	$929,688
Net loss			(9,634)						(9,634)		(9,634)
Cash dividends, $0.14 per share			(17,774)						(17,774)		(17,774)
Repurchase of treasury stock								(161)	(161)		(161)
Disposal of treasury stock		(43)						75	32		32
Net changes in the year				(280)	(54)		4,409		4,075	3,548	7,623
Balance, March 31, 2010	**$140,022**	**$181,215**	**$643,096**	**$(2,387)**		**$(742)**	**$(35,376)**	**$(23,301)**	**$902,527**	**$ 7,247**	**$909,774**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TADANO LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Operating activities:				
Income (loss) before income taxes and minority interests	**¥ (173)**	¥10,018	¥18,461	**$ (1,860)**
Adjustments for:				
Income taxes-paid	**(686)**	(8,377)	(5,769)	**(7,376)**
Depreciation	**3,060**	2,762	1,973	**32,903**
Net change in deferred gross profit on installment sales	**(608)**	(91)	360	**(6,538)**
Gain on sales of investment securities		(1)	(42)	
Write-down of investment securities		951		
Gain (loss) on sale or disposal of property, plant and equipment	**(19)**	126	129	**(204)**
Impairment loss	**836**	4	26	**8,990**
Changes in assets and liabilities				
Notes and accounts receivable	**8,709**	14,156	(459)	**93,645**
Inventories	**13,695**	(17,369)	(8,222)	**147,258**
Allowance for doubtful accounts	**(351)**	(1,663)	(991)	**(3,774)**
Notes and accounts payable	**(16,956)**	(6,369)	1,926	**(182,323)**
Liability for retirement benefits	**225**	117	(171)	**2,419**
Other-net	**182**	570	155	**1,957**
Total adjustments	**8,087**	(15,184)	(11,085)	**86,957**
Net cash provided by (used in) operating activities	**7,914**	(5,166)	7,376	**85,097**
Investing activities:				
Purchase of property, plant and equipment	**(2,028)**	(5,501)	(7,992)	**(21,807)**
Proceeds from sales of property, plant and equipment	**62**	62	67	**667**
Purchase of investment securities	**(152)**		(265)	**(1,634)**
Purchase of investment in an affiliate		(3,722)		
Proceeds from sales of investment securities		21	570	
Proceeds from sale of investment in a subsidiary		2,622		
Decrease (increase) in other assets	**417**	(144)	(380)	**4,484**
Net cash used in investing activities	**(1,701)**	(6,662)	(8,000)	**(18,290)**
Financing activities:				
Increase (decrease) in short-term borrowings-net	**(15,347)**	10,985	1,478	**(165,022)**
Proceeds from long-term debt	**11,260**	12,062	2,360	**121,076**
Repayments of long-term debt	**(10,753)**	(8,671)	(2,403)	**(115,624)**
Proceeds from issuance of bond	**20,000**			**215,054**
Repurchase of treasury stock	**(15)**	(83)	(242)	**(161)**
Disposal of treasury stock	**3**	20	13	**32**
Dividends paid	**(1,653)**	(2,162)	(1,782)	**(17,774)**
Dividends paid to minority shareholders	**(29)**	(6)	(8)	**(312)**
Other	**(250)**	(64)		**(2,688)**
Net cash provided by (used in) financing activities	**3,216**	12,081	(584)	**34,581**
Effect of exchange rate changes on cash and cash equivalents	**(2)**	(892)	(278)	**(22)**
Net increase (decrease) in cash and cash equivalents	**9,427**	(639)	(1,486)	**101,366**
Cash and cash equivalents, beginning of year	**21,396**	22,035	23,521	**230,064**
Cash and cash equivalents, end of year	**¥30,823**	¥21,396	¥22,035	**$331,430**
Additional cash flow information:				
Interest paid	**¥ 710**	¥ 949	¥ 734	**$ 7,634**

See notes to consolidated financial statements.

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.
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 2008 and 2009 consolidated financial statements to conform to the classifications used in 2010.
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 ¥93 to $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

a) Consolidation

The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 26 significant (25 in 2009) subsidiaries (together, the "Group").
Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.
Investments in the unconsolidated subsidiaries and affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.
The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over the estimated years when the amortization period can be determined or over five years when it cannot.
All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

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

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the consolidated statements of operations where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.
The Company applied this accounting standard effective April 1, 2008. The effect of this change was immaterial to operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2009. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c) Business combinations

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 2005 the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures", and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

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 an insignificant risk of changes in value. Cash equivalents include marketable securities and time deposits that mature or become due within three months of the date of acquisition.

f) Inventories

In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.
The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.
The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income by ¥358 million and income before income taxes and minority interests by ¥358 million for the year ended March 31,2009.
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, as follows:
i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and
ii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.
Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h) Allowance for doubtful accounts

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

i) Property, plant and equipment

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

j) Long-lived assets

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

k) Land revaluation

Under the "Law of Land Revaluation", promulgated on March 31, 1998, and revised on March 31, 1999 and 2001, the Company elected a one-time revaluation of its own-use land to a value based on estimated fair value as of March 31, 2002.
The resulting land revaluation difference represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.
As of March 31, 2010, the carrying amount of the land after the above one-time revaluation exceeds estimated fair value by ¥5,210 million ($56,022 thousand).

l) Accrued product warranties

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

m) Liability for retirement benefits

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

n) 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 issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.
Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.
The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this accounting change was immaterial, which was presented in other expense in the 2010 and 2009 consolidated statements of operations.

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

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 current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

r) Foreign currency financial statements

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

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

t) Per share information

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

3. Notes and accounts receivable

Notes and accounts receivable as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Accounts receivable	**¥21,313**	¥25,452	**$229,173**
Notes receivable:			
Due within one year	**9,235**	13,704	**99,301**
Due after one year	**1,163**	1,402	**12,505**
Total	**¥31,711**	¥40,558	**$340,979**

4. Marketable and investment securities

Marketable and investment securities at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Non-current			
Equity securities	**¥6,013**	¥5,910	**$64,656**
Other	**41**	35	**441**
Total	**¥6,054**	¥5,945	**$65,097**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2010 and 2009 are as follows:

	Millions of yen				Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Value	Cost	Unrealized gains	Unrealized losses	Value
At March 31, 2010								
Securities classified as:								
Available-for-sale:								
Equity securities	**¥6,217**	**¥1,367**	**¥1,732**	**¥5,852**	**$66,849**	**$14,700**	**$18,624**	**$62,925**
Other	**43**	**5**	**7**	**41**	**462**	**54**	**75**	**441**
At March 31, 2009								
Securities classified as:								
Available-for-sale:								
Equity securities	¥6,065	¥ 806	¥1,122	¥5,749				
Other	43	1	9	35				

Available-for-sale securities whose fair value are not readily determinable at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Equity securities	**¥161**	¥161	**$1,731**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2010, 2009 and 2008 were ¥0 million ($0 thousand), ¥21 million and ¥570 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥0 million ($0 thousand), ¥1 million and ¥42 million for the years ended March 31, 2010, 2009 and 2008, respectively.

5. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Finished products	**¥17,512**	¥24,592	**$188,301**
Work in process	**13,191**	17,987	**141,839**
Materials and supplies	**8,429**	8,424	**90,634**
Total	**¥39,132**	¥51,003	**$420,774**

6. Long-lived assets

The Group reviewed its long-lived assets for impairment for the years ended March 31, 2010 and 2009, as a result, recognized an impairment loss of ¥2 million ($22 thousand) and ¥4 million, respectively, as other expense for certain land and other, which were deemed to be idle assets with no future plan for utilization. Also, an impairment loss of ¥834 million ($8,967 thousand) was recognized on goodwill and intangible fixed assets for the year ended March 31, 2010. It was due to the fast deterioration of the profitability of wholly owned subsidiary TADANO MANTIS Corporation, because of the drastic change of the management environment. The carrying amount of the relevant assets was written down to the recoverable amount. The recoverable amount of these assets was measured by the net selling price at disposition, which was primarily determined by independent real estate appraisals of land and buildings, or the estimated discounted future cash flows for goodwill.

7. Short-term borrowings and long-term debt

Short-term borrowings at March 31, 2010 and 2009 were principally represented by bank overdrafts, which bore interest at weighted average rates of 1.1% and 1.8%, respectively.
As is customary in Japan, the Company obtains significant financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the consolidated balance sheets but are disclosed as contingencies (see Note 11).
The Company has unused lines of credit amounting to ¥8,457 million ($90,935 thousand) with certain financial institutions at March 31, 2010.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Bonds and loans from banks and insurance companies, with interest at rates ranging from 1.01% to 4.98% for 2010 and 2009 maturing serially to 2017:			
Unsecured loans	**¥20,666**	¥18,788	**$222,216**
Collateralized loans		1,330	
Unsecured bonds	**20,000**		**215,054**
Obligation under finance lease	**552**	515	**5,935**
Total	**41,218**	20,633	**443,205**
Less current portion	**(4,842)**	(3,383)	**(52,065)**
Long-term debt, less current portion	**¥36,376**	¥17,250	**$391,140**

Annual maturities of long-term debt outstanding at March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2011	¥ 4,842	$ 52,065
2012	4,224	45,419
2013	2,639	28,376
2014	8,704	93,591
2015	20,793	223,581
2016 and thereafter	16	172
Total	¥41,218	$443,204

There are no assets pledged as collateral for long-term debt at March 31, 2010.

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

8. Retirement benefits

The Company and certain of its consolidated subsidiaries have retirement benefit payment plans for employees.
Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Projected benefit obligation	**¥10,875**	¥11,119	**$116,935**
Fair value of plan assets	**(4,442)**	(4,007)	**(47,763)**
Unrecognized actuarial loss	**(1,728)**	(2,648)	**(18,581)**
Net liability	**¥ 4,705**	¥ 4,464	**$ 50,591**

The components of net periodic benefit costs for the years ended March 31, 2010, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	**2009**	**2008**	**2010**
Service Cost	**¥ 627**	¥ 631	¥ 844	**$ 6,742**
Interest Cost	**198**	196	195	**2,129**
Expected return on plan assets	**(27)**	(44)	(203)	**(290)**
Recognized actuarial loss	**311**	222	130	**3,344**
Net periodic benefit costs	**¥1,109**	¥ 1,005	¥ 966	**$11,925**

Assumptions used for the years ended March 31, 2010, 2009 and 2008 are as follows:

	2010	**2009**	**2008**
Discount rate	**2.0%**	2.0%	2.0%
Expected rate of return on plan assets	**0.75%**	1.0%	4.0%
Recognition period of actuarial gain / loss	**12 years**	12 years	12 years

9. Equity

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

(a) Dividends

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

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

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

(c) Treasury stock and treasury stock acquisition rights

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

10. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for 2010, 2009 and 2008.
The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 295**	¥ 481	**$ 3,172**
Tax loss carryforwards	**1,608**	384	**17,290**
Pension and severance costs	**1,673**	1,589	**17,989**
Accrued expenses		840	
Other	**3,366**	3,849	**36,194**
Less valuation allowance	**(516)**	(742)	**(5,548)**
Total	**6,426**	6,401	**69,097**
Deferred tax liabilities:			
Property, plant and equipment	**464**	467	**4,989**
Other	**295**	314	**3,173**
Total	**759**	781	**8,162**
Net deferred tax assets	**¥5,667**	¥5,620	**$60,935**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2010, 2009 and 2008 is as follows:

	Rate (%)		
	2010	**2009**	**2008**
Normal effective statutory tax rate	**40.0**	40.0	40.0
Expenses not deductible for income tax purpose	**(31.3)**	0.9	0.5
Differences in tax rates applicable to consolidated subsidiaries	**75.5**	(3.4)	0.1
Valuation allowance	**(77.4)**	2.8	(2.4)
Gain on sales of investment in subsidiary		4.4	
Tax credit for research and development costs		(2.2)	(0.9)
Tax effect on elimination of unrealized profit	**(351.1)**	(1.1)	0.1
Other-net	**(0.1)**	2.3	(0.8)
Actual effective tax rate	**(344.4)**	43.7	36.6

At March 31, 2010, the Group has tax loss carry forwards aggregating approximately ¥4,909 million ($52,785 thousand) which are available to be offset against taxable income in future years, which will mostly expire in 2017.

11. Contingent liabilities

At March 31, 2010, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of customers' loans and lease obligations	**¥6,996**	**$75,226**
Trade notes endorsed	**5,900**	**63,441**

12. Research and development costs

Research and development costs charged to income were ¥4,011 million ($43,129 thousand), ¥4,200 million and ¥3,907 million for the years ended March 31, 2010, 2009 and 2008, respectively.

13. Leases

Company as lessee

The Group has a number of lease agreements for certain machinery, computer equipment and other assets.
As discussed in Note 2.o), the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 was as follows.

	Millions of yen			Thousands of U.S. dollars		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
At March 31, 2010:						
Acquisition cost	**¥ 993**	**¥1,211**	**¥2,204**	**$10,677**	**$13,022**	**$23,699**
Accumulated depreciation	**698**	**891**	**1,589**	**7,505**	**9,581**	**17,086**
Net leased property	**¥ 295**	**¥ 320**	**¥ 615**	**$ 3,172**	**$ 3,441**	**$ 6,613**
At March 31, 2009:						
Acquisition cost	¥1,201	¥1,469	¥2,670			
Accumulated depreciation	772	902	1,674			
Net leased property	¥ 429	¥ 567	¥ 996			

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Due within one year	**¥ 305**	¥ 390	**$ 3,280**
Due after one year	**401**	707	**4,312**
Total	**¥ 706**	¥1,097	**$ 7,592**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2010, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	**2009**	**2008**	**2010**
Depreciation expense	**¥381**	¥473	¥547	**$4,097**
Interest expense	**19**	34	37	**204**

Company as lessor

The Group also has a number of lease agreements for certain machinery, computer equipment and other assets.
As discussed in Note 2.o), the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen			Thousands of U.S. dollars		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
At March 31, 2010:						
Acquisition cost	**¥154**	**¥ 39**	**¥193**	**$1,656**	**$ 419**	**$2,075**
Accumulated depreciation	**108**	**34**	**142**	**1,161**	**366**	**1,527**
Net leased property	**¥ 46**	**¥ 5**	**¥ 51**	**$ 495**	**$ 53**	**$ 548**
At March 31, 2009:						
Acquisition cost	¥201	¥ 59	¥260			
Accumulated depreciation	125	43	168			
Net leased property	¥ 76	¥ 16	¥ 92			

Future lease revenues under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Due within one year	**¥ 28**	¥ 43	**$301**
Due after one year	**26**	54	**280**
Total	**¥ 54**	¥ 97	**$581**

Depreciation expense and imputed interest received computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2010, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	**2009**	**2008**	**2010**
Depreciation expense	**¥42**	¥48	¥51	**$452**
Interest received	**2**	2	3	**22**

14. Financial instruments

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

Policy for financial instruments

The Company 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 bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 15.

Nature and extent of risks arising from financial instruments

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

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

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

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

Risk management for financial instruments

Credit Risk Management
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Company 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, 2010.

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

Fair values of financial instruments

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

	Millions of yen			Thousands of U.S. dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain(loss)	Carrying amount	Fair value	Unrealized gain(loss)
Cash and cash equivalents	¥ 30,823	¥ 30,823		$ 331,430	$ 331,430	
Short-term investments	10	10		108	108	
Notes and accounts receivable	31,711			340,979		
Allowance for doubtful accounts	(959)			(10,312)		
	30,752	30,725	¥ (27)	330,667	330,376	$ (291)
Investment securities	5,893	5,893		63,366	63,366	
Total	¥ 67,478	¥ 67,451	¥ (27)	$ 725,571	$ 725,280	$ (291)
Short-term borrowings	¥ 5,336	¥ 5,336		$ 57,376	$ 57,376	
Current portion of long-term debt	4,842	4,842		52,065	52,065	
Notes and accounts payable	14,525	14,525		156,183	156,183	
Income taxes payable	384	384		4,129	4,129	
Long-term debt	36,376	36,453	¥ 77	391,140	391,968	$ 828
Total	¥ 61,463	¥ 61,540	¥ 77	$ 660,893	$ 661,721	$ 828

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 received at maturity discounted at the Group's assumed corporate discount rate.

Marketable and investment securities

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

Long-term debt

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

Derivatives

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

Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen				Thousands of U.S. dollars			
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 30,823				$ 331,430			
Short-term investments	10				108			
Notes and accounts receivable	30,548	¥ 1,074	¥ 80	¥ 9	328,474	$ 11,548	$ 860	$ 97
Total	¥ 61,381	¥ 1,074	¥ 80	¥ 9	$ 660,012	$ 11,548	$ 860	$ 97

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

15. Derivatives

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

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

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

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

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

Derivative transactions to which hedge accounting is applied at March 31, 2010

	Millions of yen				Thousands of U.S.Dollars			
March 31,2010	Hedged item	Contract amount	Contract amount due after one year	Fair value	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:								
Selling U.S.$	**Receivables**	**¥ 519**		*1	**Receivables**	**$ 5,581**		*1
Interest rate swaps:								
(fixed rate payment, floating rate receipt)	**Long-term debt**	**100**	**¥ 100**	*2	**Long-term debt**	**1,075**	**$ 1,075**	*2

*1 The fair value of foreign currency forward contracts is included in that of hedged items.

*2 The fair value of interest rate swaps is included in that of hedged items.

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

16. Segment information

The Group operates in a single industry which includes sales and manufacturing of various Cranes and related products.

Information about the geographical segments of the Group for the years ended March 31, 2010, 2009 and 2008 is as follows:
Effective April 1, 2009, the Companies changed their method of geographical segmentation. As a result, the America area formerly included in the Other areas has been separated as an independent area for the year ended March 31, 2010. This change was caused by the rising importance of the America area on the information about geographical segments. The information for the years ended March 31, 2009 and 2008 has been restated accordingly.

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Net sales:				
Japan				
Outside customers	**¥ 66,234**	¥111,092	¥ 127,842	**$ 712,194**
Interarea transfer	**11,711**	22,538	22,429	**125,925**
Total	**77,945**	133,630	150,271	**838,119**
Europe				
Outside customers	**19,720**	30,459	25,723	**212,043**
Interarea transfer	**14,926**	21,652	16,844	**160,495**
Total	**34,646**	52,111	42,567	**372,538**
America				
Outside customers	**12,921**	14,978	16,768	**138,935**
Interarea transfer	**51**	34	205	**548**
Total	**12,972**	15,012	16,973	**139,483**
Other areas				
Outside customers	**5,376**	6,239	4,027	**57,806**
Interarea transfer	**64**	180	228	**688**
Total	**5,440**	6,419	4,255	**58,494**
Eliminations	**(26,752)**	(44,404)	(39,706)	**(287,656)**
Consolidated total	**¥ 104,251**	¥ 162,768	¥ 174,360	**$ 1,120,978**
Operating income:				
Japan	**¥ (659)**	¥ 7,026	¥ 14,985	**$ (7,086)**
Europe	**937**	2,112	1,917	**10,075**
America	**(151)**	869	1,439	**(1,624)**
Other areas	**467**	419	190	**5,022**
Eliminations	**18**	(60)	(570)	**194**
Consolidated total	**¥ 612**	¥ 10,366	¥ 17,961	**$ 6,581**
Assets:				
Japan	**¥ 133,675**	¥ 147,500	¥ 152,159	**$ 1,437,366**
Europe	**18,579**	25,899	26,714	**199,774**
America	**10,350**	9,890	6,338	**111,290**
Other areas	**2,644**	2,129	1,696	**28,430**
Eliminations	**(5,373)**	(8,953)	(9,502)	**(57,774)**
Consolidated total	**¥ 159,875**	¥ 176,465	¥ 177,405	**$ 1,719,086**

Information about sales to foreign customers for the years ended March 31, 2010, 2009 and 2008 is as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Europe	**¥ 19,196**	¥ 29,631	¥ 25,567	**$ 206,409**
North America	**16,188**	20,145	18,342	**174,065**
Other areas	**20,807**	39,578	37,648	**223,731**
Consolidated total	**¥ 56,191**	¥ 89,354	¥ 81,557	**$ 604,205**

17. Net income per share

Basic net income (loss) per share ("EPS") for the years ended March 31, 2010, 2009 and 2008 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income(loss)	Weighted average shares	EPS	
For the year ended March 31, 2010:				
Basic EPS				
Net loss available to common shareholders	**¥ (896)**	**127,115**	**¥ (7.05)**	**$ (0.08)**
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	¥ 5,539	127,159	¥ 43.56	
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥ 11,620	127,248	¥ 91.32	

18. Subsequent events

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 25, 2010:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥3.00 ($0.03) per share	**¥ 381**	**$ 4,097**

INDEPENDENT AUDITORS' REPORT

Deloitte.

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To the Board of Directors of TADANO LTD.:

We have audited the accompanying consolidated balance sheets of TADANO LTD. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2010, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TADANO LTD. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu LLC

June 25, 2010

Member of
Deloitte Touche Tohmatsu

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PAID-IN CAPITAL
¥13,022 million (As of March 31, 2010)

NUMBER OF EMPLOYEES
1,434 (As of March 31, 2010)

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